Philogen
innovating targeting

SUSTAINABILITY REPORT

2022

COURTESY ENGLISH TRANSLATION

Index

Letter to *stakeholders*

Dear Shareholders and Stakeholders,

2022 was a year that shocked the world and redefined our idea of normalcy because of the most serious health emergency since World War II, which we have yet to put behind us, compounded by the recent conflict in Ukraine. Both events have forced significant changes, not only in the way business people do "*business,*" but also in the lives of each of us.

Against this unstable backdrop, Philogen S.p.A. and its subsidiary Philochem AG have once again distinguished themselves by consolidating their *leading* role in the field of experimental drug research and development and continuing their commitment to ESG.

All this was possible thanks to an organized and dynamic structure that was able to act and react promptly to the strategic and visionary choices made by *management*.

Despite the shortages and supply difficulties during the most acute phases of the emergency, we managed to complete our investment plans for the construction of a new GMP production facility at the Siena plant in Italy, fulfilling the promises made to the market in 2021 when Philogen S.p.A. was listed on the Euronext market in Milan, thus ensuring the continuity of the growth and industrial development program.

It was a challenge we overcame and showed, once again, the value of our resources and the importance of believing in what we do every day.

In relation to the ESG journey we started last year, the results of our actions can be clearly seen through key financial and non-financial *performance* indicators. *Performance* that you will be able to analyze organically and comprehensively in this year's Sustainability Report 2022.

It is our desire to provide an effective and transparent representation of the Group's ability to generate value over time with a view to continuous improvement. With *reporting*, moreover, we represent the underlying link between strategic priorities, *governance* choices, risk management, financial *performance*, but also the social, environmental and economic context in which the Group operates. This is a significant integration process that has involved the entire corporate structure with the aim of permeating all corporate operational flows with "sustainability" to achieve what is known as "*embedded sustainability.*"

The context in which we move guides our choices; in particular, the Group sees the transition to "digitization" as an objective that is as important as it is strategic for its future. The digital transformation of our *assets* is geared toward the implementation of a new generation of production infrastructure and equipment, which will be equipped to be managed remotely and, through constant monitoring, will be used to collect *big data* on their operation. In addition, using artificial intelligence, it will be possible to activate

increasingly ambitious and operationally efficient programs in those areas that represent the Group's *core business*: research, development, and production of drugs according to international GMP standards.

Driving the evolution of our industry and continuing to be recognized as a *benchmark*, including globally, are the *targets* we are aiming for.

To this end, our strategic plan calls for investments structured along four main lines: (i) development of the *core business* through organic growth; (ii) digital transformation and technological innovation; (iii) new development opportunities through the enhancement of energy efficiency among the Group's competencies; and (iv) a sound and efficient financial structure.

The matrix linking these four goals could only be sustainability, because each of them is permeated by a concept of corporate social responsibility, which is now indispensable for the sustainable development of societies.

All of this is evidenced by the Group's commitment, and especially the alignment with the sustainable *mission by* all employees, together with the work of *management with the* support of the *Board* on sustainability issues, which has enabled the achievement of ambitious goals that are fundamental to the Group's future sustainable success, despite the persistent unstable environment.

Siena, May 11, 2023

Duccio Neri

Executive Chairman

Philogen S.p.A.

Dario Neri

Chief Executive Officer

Philogen S.p.A.

Methodological note

This document constitutes the first Sustainability Report of the Philogen Group (also "Group" or "Philogen" in the document), the publication of which was anticipated by the drafting and publication of the 2021 Sustainability Brochure in September 2022, and aims to communicate in a structured way the Group's approach to sustainability and its performance in the environmental, social and economic spheres. The reporting activity, driven by a desire for transparency towards the Group's *stakeholders* and the growing impetus from the market and the regulator, will continue in the coming years with a view to continuous improvement. The Company, as part of the path undertaken, has prepared for the first year a summary sustainability impact and *performance* reporting document (Sustainability Brochure 2021) according to the "GRI-reference" option. For the second year, however, Philogen prepared this reporting document, structured "in accordance" with GRI (Sustainability Brochure 2022). The *reporting*, moreover, represents a first step in the sustainability journey undertaken by the Group, which will lead to a gradual improvement in the *governance* and management aspects of sustainability areas, as well as an evolution of the Group's approach to these issues, from an increasingly strategic and integrated perspective with respect to business activities.

The drafting activities of this document involved multiple business functions in the Group, demonstrating how sustainability is a cross-cutting issue and needs corporate collaboration at all levels.

The Annual Report contains information, initiatives, and data for fiscal year 2022 (January 1, 2022 to December 31, 2022). The reporting period is the same as that considered in the Philogen Group Consolidated Financial Statements.

The Sustainability Report, which will be on an annual basis, has been prepared in accordance with the "GRI Sustainability Reporting Standards" published by the Global Reporting Initiative (GRI), as shown in the "GRI Table of Contents," which highlights the coverage of GRI indicators reported in this document.

The Budget was approved by the Board of Directors at its meeting on 11/05/2023.

The scope of data and information corresponds to that of the Group Financial Report as of December 31, 2022. In order to enable a comparison between the data collected over time and the assessment of the Group's business performance, the year 2021 was taken as the comparison period. Moreover, to ensure the reliability of the data, the use of estimates has been limited as much as possible, which, if any, are appropriately reported and based on the best available methodologies. Any restatements of data from previous years are clearly indicated as such.

Please note that this Sustainability Report has not been subjected to external *assurance.*

For more information and suggestions regarding Philogen's Sustainability Report, you can write to esg@philogen.com.

The document is also available on the website www.philogen.com in the sustainability section at the following link: https://www.philogen.com/governance/sustainability-esg/

1. The Philogen Group

Philogen

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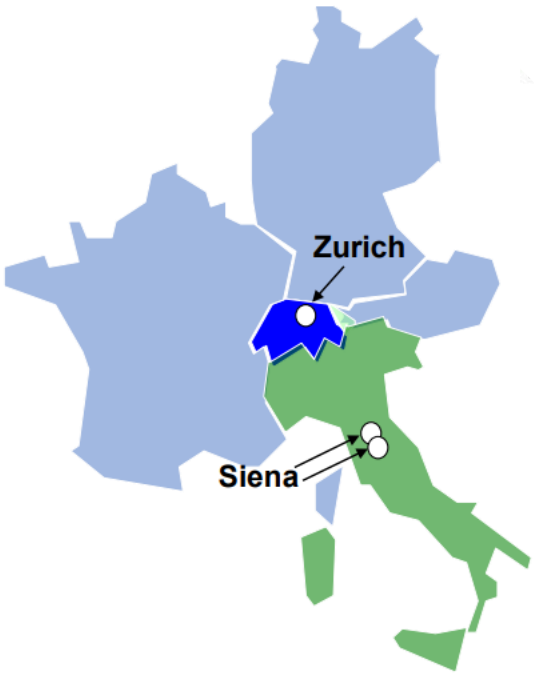
1.1 History, values and structure of the Group

Philogen S.p.A. ("*Philogen*"), established in 1996 by the intuition and will of the three Neri brothers, is the head of an Italian-Swiss Group headquartered in Siena, Italy; the Group is active in the biotechnology sector, specializing in the discovery and development of biopharmaceutical products for the treatment of highly lethal diseases. Its activities include ***(i)*** the identification of molecules and antibodies for development (discovery phase), ***(ii) the*** production of experimental drugs, preclinical testing (with the exception of toxicology studies and studies on radioactive compounds, which are outsourced), and ***(iii)*** the clinical development of drugs for experimental use. In particular, the Group is a *leader* in the identification of ligands (human monoclonal antibodies and small molecules) with high affinity for tumor antigens (i.e., proteins expressed in tumors, but not in healthy tissues). These ligands are mainly used for the purpose of delivering an active therapeutic ingredient selectively to the diseased area. The Group's *focus* is mainly related to oncology drug development, although the Group has also brought to the clinical trial stage products for the treatment of chronic diseases and inflammation.

The Group's goal is to generate a series of innovative products with reference to areas for which medical science has not yet identified satisfactory therapies.

In recent years, Philogen, has consolidated and expanded its *pipeline* both by bringing new investigational drugs into the clinic and by initiating new experimental studies. The Group has a diversified *pipeline* due to the execution of numerous Phase II and III registrational studies. Notably, the proprietary products, NidlegyTM and Fibromun are already undergoing advanced trials (Phase III) both domestically and internationally. The advanced trial activities have attracted a number of investors, in particular the *club deal* "The Equity Club," which in 2019 subscribed to a capital increase for the purpose of contributing to the development of the *pipeline*, the enhancement of clinical *trials*, and the expansion of Good Manufacturing Practice ("GMP") activities.



Under the Group's current structure, the research and development of new drugs, is entrusted to the subsidiary Philochem A.G., based in Otelfingen (near Zurich), where the delicate phase of molecule discovery and development takes place. Once the molecules have been identified, the most promising ones are transferred to the plants in Siena (Montarioso and Rosia) for manufacturing activities, which are carried out at the above plants. In particular, the Montarioso plant is

an authorized GMP (Good Manufacturing Practice) facility approved by the Italian Medicines Agency (AIFA) for the production of experimental drugs, while the newly built Rosia plant is awaiting GMP authorization from AIFA and will be dedicated to the production of pharmaceutical products for the market, transforming Philogen from a Biotech company to a Product company (i.e., from a company that develops and produces experimental drugs not yet marketed to a company that sells its drugs on the market).

The Philogen Group also carries out collaboration, licensing, and service provision activities (including GMP activities) for pharmaceutical and biotechnology companies, entities, and institutions operating in the field of biotechnology research. Thus, the Group has developed close collaborative relationships over the years with companies and players in the field such as, for example, ETH Zurich, Scripps Research, The German Cancer Research Center (Deutsches Krebsforschungszentrum, DKFZ), University of Zurich and Wyss Translational Center Zurich, Servier Institute, Foundation for the Institute for Research in Biomedicine, Google, and Bracco Imaging.

The company also believes in cooperating with industry associations at the local and national levels and is a member of various bodies such as:

- Confindustria;
- Farmindustry;
- Federchimica;
- Assobiotec.

It should be noted that during the first half of FY2022, construction and upgrading works were completed on the Parent Company's Rosia production site, which is intended not only for the production of experimental drugs for clinical trials but also for the production of pharmaceutical products for the market.

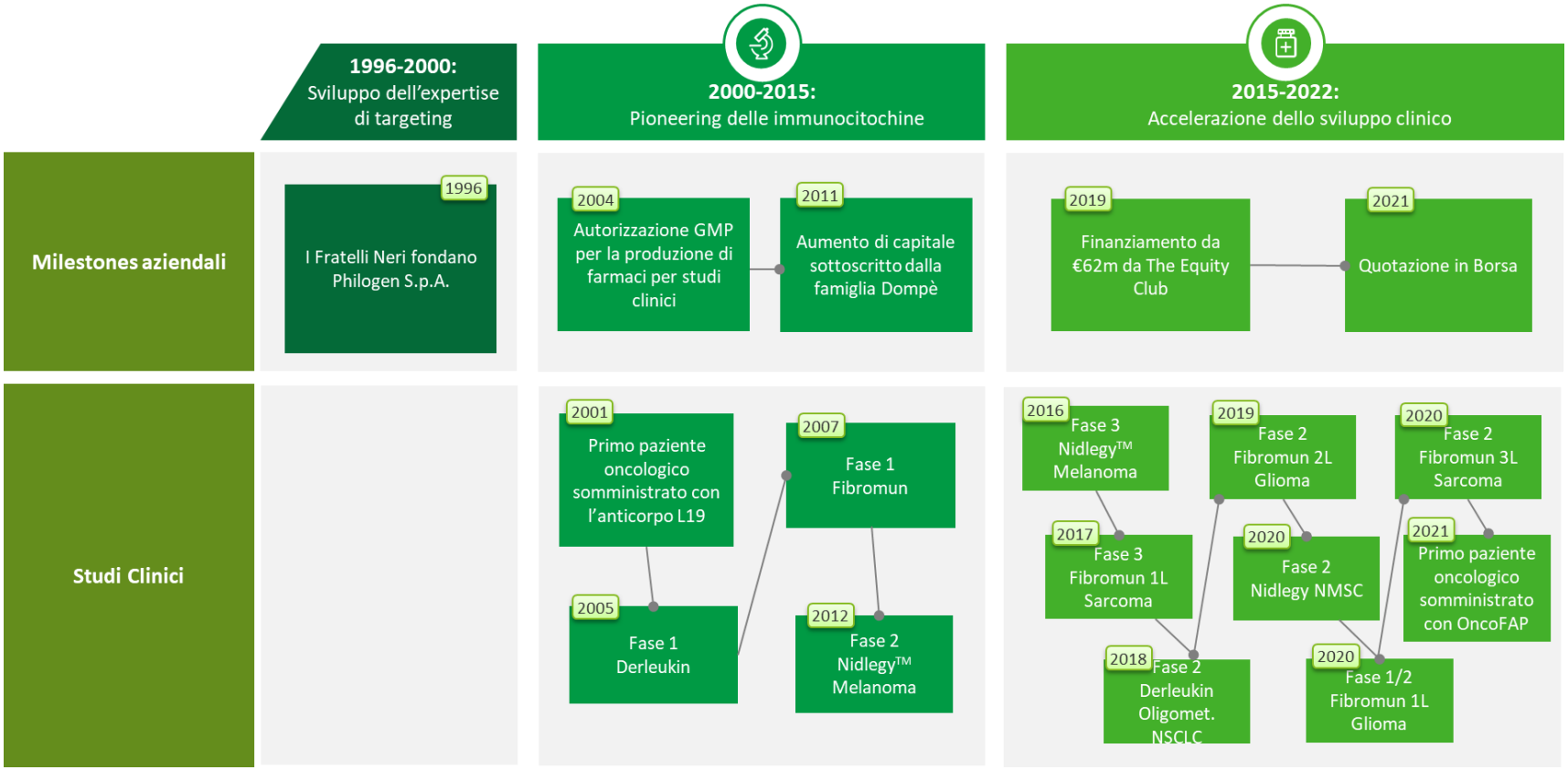
For the sake of completeness of information, it should also be noted that Philogen, on March 3, 2021, was admitted to the EXM Market, Euronext Milan's regulated market, and that there were no further significant changes related to the Group's ownership structure and supply chain during the reporting period.

The Philogen Group has also recently entered into two important collaborations with international *partners, leaders* in the pharmaceutical and IT industries, respectively.

In fact, in the first quarter of 2022, Philochem AG signed a licensing and collaboration agreement with Bracco Imaging covering the development and commercialization of a small organic molecule for *imaging* applications with a proven ability to selectively visualize and diagnose a variety of metastatic solid tumors.

The second collaboration, however, relates to a study conducted in collaboration with Google aimed at implementing Artificial Intelligence (AI) applied to DNA Encoded Chemical Libraries, the results of which were published in BioRXiv.

The depiction below shows the three main phases of Philogen's history from 1996 to 2022, along with their relative achievements.



1.2 *Governance* structure and remuneration policies

The Group's *governance* structure follows the traditional model by providing among the corporate bodies: the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors in addition to the company in charge of the statutory audit of the accounts (so-called Auditing Company). In line with the recommendations on *corporate governance* contained in the Corporate Governance Code of Borsa Italiana, the Board of Directors, in December 2020, resolved to establish the following endoconsiliar committees, whose members were renewed at the Shareholders' Meeting of April 27, 2022: the Control, Risk and Sustainability Committee, which also performs the functions of the Related Party Transactions Committee, and the Nominating and Compensation Committee.

Composition of the Board of Directors as of December 31, 2022

Board of Directors			
Duccio Neri	**Chairman BoD (executive)**	Leopoldo Zambeletti	**Administrator**
Dario Neri	**Chief Executive Officer (Executive)**	Maria Giovanna Calloni	**Administrator**
Giovanni Neri	**Managing Director (Executive)**	Roberto Ferraresi	**Independent Administrator**
Sergio Gianfranco Dompé	**Administrator**	Guido Guidi	**Administrator**
Nathalie Dompé	**Administrator**	Marta Bavasso	**Independent Administrator**

The Board of Directors is composed as follows: 70% men and 30% women; 80% of the directors are over 50 years old, while 20% are in the 30-50 age group.

Directors on the Board of Directors are elected, as governed by the Articles of Association, by the Shareholders' Meeting, based on lists of candidates submitted by shareholders, ensuring gender parity among members and their independence.

Once the Board of Directors has been elected, upon the proposal of the Chairman of the Board of Directors and after discussion among all the appointed directors, taking into account the skills and possession of the independence requirements of each of the members, the endoconsiliar committees are appointed. With reference to the competencies of individual directors, it should be noted that, as required by the relevant regulations for the listing of companies, the competencies of individual directors have been assessed by Consob through the completion of dedicated questionnaires.

In addition, on the occasion of the renewal of the Board of Directors in 2022, all directors were asked to complete a self-assessment questionnaire on the composition of the Board of Directors. Based on the findings of the aforementioned questionnaires, a self-assessment report was prepared with the support of an external law firm, which was then used in the process of appointing and renewing the Board of Directors at the Shareholders' Meeting held in 2022[1] .

Board members were double-checked, including to prevent and mitigate possible conflicts of interest:

- At the time of the submission of the lists for the election of the new Board of Directors, each candidate issued a special declaration in which he or she attested that he or she was not in a situation of ineligibility, incompatibility, or disqualification to serve as a Board member and that he or she was not in one of the situations referred to in Article 2390 of the Civil Code;
- following their appointment to the position of director, the same filled out a special questionnaire (ex art. 8.4 of the RPT Procedure) in which the list of positions held in other companies is reported, also with reference to the position of their cohabiting family members.

With reference to the Procedure for Related Party Transactions, it is noted that it was updated in May 2022.

The Chairman of the Board of Directors signed an employment contract in 2021 as a strategic executive in the capacity of Director for the following areas: Administration, Finance, Legal, Personnel, Building Operations, and IT. The powers granted to the Chairman of the Board of Directors exclude him from operating in the relevant areas included in the subordinate employment contract, which are under his responsibility. Therefore, any overlap between the office of Chairman of the Board and that of Executive is excluded. Aware of the role of sustainability and the increasing centrality that this concept is assuming over the years, the Group, following the listing process, has embarked on a path to structure *governance* in this area. Control of the impacts caused by the organization on the economy, the environment and people is the responsibility of the Board of Directors. The latter is also entrusted with the task of reviewing and approving this document, as well as defining the Group's medium- to long-term sustainability goals. The Audit Risk and Sustainability Committee reviews and expresses a preliminary opinion on the sustainability reporting document and, in general, supports and coordinates with the Board of Directors in the implementation of the above-mentioned aspects.

[1] For further details about the procedures and rules for the appointment of the Board of Directors, please refer to the Philogen Bylaws published on the Philogen/By-lawwebsite

Following the election of new members of the Board of Directors in April 2022, we note the presence of a director with expertise in environmental, social and *governance* (ESG) sustainability issues.

To complement the *governance* structure in ESG mentioned above, in July 2022 the Board of Directors appointed the Company's internal "ESG Working Group," composed of the CFO, Head of Legal Affairs, and Human Resources Director. The Working Group collaborates directly with the Risk and Sustainability Control Committee and is responsible for the coordination and supervision of activities in the areas of sustainability and non-financial *reporting*.

The Risk and Sustainability Control Committee (SRC) and the ESG Working Group are in constant contact, both with each other and with the business functions involved from time to time, in order to identify risks in the ESG area and report observations and reports, so that necessary improvements can be assessed and implemented within the company's business.

The Group is also committed to periodically providing information to its *stakeholders* about the Companies' initiatives, including ESG-related activities. Philogen organizes *engagement* activities with investors and *stakeholders* both through dedicated *webinars* and *one-on-one* meetings, during which investors are updated on actions taken by the Company, including those related to sustainability. In particular, the Company has created within its website a dedicated section in which it is possible to consult *news* and/or documents regarding the initiatives undertaken by the Company in the ESG sphere. In addition, to ensure the active participation of *stakeholders* in the Company's sustainable development, there is the possibility to send requests or make reports to the dedicated e-mail address: esg@philogen.com. During 2022, no reports or critical issues regarding sustainability issues were received and therefore reported to the Board of Directors.

In order to increase the sustainability expertise of the Company's staff, it should be noted that, in view of the preparation of the Sustainability Report 2022, a *workshop* aimed at materiality analysis was organized in which *top management* and some key strategic functions (ESG Working Group) participated and during which an *overview* of the main trends, risks and opportunities and legislative and regulatory developments in the field of sustainability was provided (for more details regarding the materiality analysis, see section "2.1 Group *stakeholders* and the materiality analysis"). In addition, the Company funded a special training course aimed at corporate resources delegated to coordinate operational activities in the field of sustainability, with specific reference to the GRI Standards (*standard* - to date - of reference for reporting non-financial information).

At present, the Company has not deemed it appropriate to have specific processes to assess the performance of the highest corporate governance body in supervising the management of the organization's impacts on the economy, environment and people. However, an activity of control and verification of the way the Company operates is carried out by the Internal Audit Function and the Supervisory Board, which conduct periodic

audits of the various corporate functions. The role of Internal Auditor and Supervisory Board are both held by the same person, who is external to the company and has the necessary requirements of independence and professionalism.

Remuneration policies

The commitment to sustainable development is reaffirmed in the 2022-2023 Remuneration Policy approved by the Shareholders' Meeting on April 27, 2022, through which the Board of Directors has assigned ESG-related targets to the managing directors in their respective annual variable incentive (MBO) plans. The objectives include, but are not limited to, the encouragement of separate waste collection in the company, the purchase of hybrid cars for the company car fleet, and the construction of photovoltaic systems at the Rosia plant. In addition to this incentive compensation system for Executive Directors, the directors receive fixed and variable compensation as resolved by the Shareholders' Meeting, depending on the powers delegated to them or for the roles they play in the various endoconsiliar committees. The process for setting compensation policies and determining compensation involves multiple corporate bodies such as: the Shareholders' Meeting, the Board of Directors, the Nominating and Compensation Committee, the Chief Executive Officer, and the Board of Statutory Auditors. The process of setting remuneration is overseen by the Nomination and Remuneration Committee, which assists the Board of Directors in the development of the Remuneration Policy and periodically evaluates its adequacy, overall consistency, and proper application. Shareholders have the opportunity to express their opinions regarding the Remuneration Policy at the shareholders' meeting to approve it: at the shareholders' meeting last April 27, 2022, the Remuneration Policy was approved by shareholders with more than 80 percent of the total voting rights and more than 99 percent of the votes present or represented. For more details, please refer to the Remuneration Policy 2022-2023 available on the Company's website in the *"Shareholders' Meetings"* section *https://www.philogen.com/governance/shareholders-meeting/*

Also in the area of *management* and corporate staff incentives in 2021, the Group approved an incentive plan called "Stock Grant Plan 2024-2026" reserved for certain Group employees. The Plan is divided into three Cycles (2021, 2022 and 2023), each having a three-year duration; new recipients for the new 2022 cycle were then identified in 2022. To view the Plan's Information Document and related Regulations, please refer to the Company's website in the "*Incentive* Plan" section https://www.philogen.com/governance/incentive-plans/

It should be noted that for 2022, as was previously done in 2021, strategic executives have waived their incentive by reserving the Stock Grant Plan exclusively for Group employees.

Reported below is the annual total compensation rate, which represents the ratio of the annual compensation of the highest-paid individual to the median compensation of

employees (excluding the highest-paid individual)[2] . The indicator aims to represent the difference in pay between the highest-paid individual and the corporate population. Pay levels can be influenced by various factors such as size, industry, geographic area, and the Group's employment strategy.

Total annual salary ratio		
	to December 31, 2022	**to December 31, 2021**
Ratio of the annual total pay of the person receiving the highest pay to the median annual total pay of all employees (excluding the above person)	15,89	12,79

1.3 Ethics and *Compliance*

Philogen recognizes a role of primary importance to its ethical values and *compliance* objectives; for this reason it has adopted an Organization, Management and Control Model (MOG)[3] which is periodically updated to ensure its compliance with the applicable reference legislation. The Group firmly believes that the Model is a valuable tool for raising awareness among employees, customers and its suppliers on key issues such as proper behavior that reflects the values of ethics and integrity.

The MOG was revised and updated during 2022 and the new version was approved by the Board of Directors on October 11, 2022; the main points covered by the revision concerned the updating of the predicate offenses, the revision of the General Section and the introduction, within the Special Section, of the section on tax crimes. With regard to the General Part, it should be noted that the Model was also revised in order to align and adapt it to the new corporate structure adopted by the Company following its listing on the Electronic Stock Market ("EXM") managed by Borsa Italiana, with particular reference to the "*compliance*" section.

[2] The annual compensation of the highest-paid individual includes nonmonetary benefits, severance pay, and the 2021 MBO paid in 2022 in addition to salary. On the other hand, for the median of employees (excluding the highest-paid individual), fixed elements of compensation (RAL) and bonuses paid in 2022 were considered.

[3] For further details about the Organization Management and Control Model pursuant to Legislative Decree 231/01 and the Group Code of Ethics, please refer to the relevant section of the Philogen website/Code of Ethics and Model 231

The highest national and international organizational *standards to* which Philogen draws inspiration for its internal structure are detailed in the MOG, which also brings together all the different tools and safeguards adopted by the Group such as: the Group Charter, the Code of Ethics, the Supervisory Board (SB) Regulations, and numerous procedures designed to govern every aspect of value creation within the company.

These procedures are exceedingly important in a business such as Philogen, which is engaged in the development of multiple socioeconomic interests, to ensure reliability, honesty, fairness, and traceability of every step, in compliance with stringent regulations. The Code of Ethics requires the integrity and loyalty of every Philogen employee and collaborator. The purpose of the Code of Ethics is precisely to provide guidance on good practices to be adopted to best contribute to the Group's mission. In fact, this document is complementary to work procedures in that it describes the ethical and behavioral aspects that every worker, at all levels, is expected to observe in order to contribute to harmony and integrity in the workplace.

To protect the application of the Code of Ethical Conduct and internal regulations described by the MOG.[4] , Philogen's employees are periodically trained on the MOG; in addition, as of early 2023, the MOG 231 and the Company's Code of Ethics are available on the company's *intranet* platform to all employees, who are required to read them and declare their acceptance. In relations with suppliers, customers and consultants, communication and application of the Code of Ethics and Model 231 are ensured through the inclusion of a contractual provision specific to the application of the Code and Model.

In addition, the Supervisory Board is the body that oversees and verifies compliance with these provisions. In case employees want to report and/or request clarification regarding the company's behavior and/or conduct, they can contact the SB anonymously (and not) through a specially created e-mail address: odv@philogen.com.

In addition to the above address, the Group has installed a letterbox, located at the Rosia plant, through which reports and complaints can be filed. Both reporting channels are constantly monitored by the Supervisory Board, which is in charge of analyzing any communications. In this regard, it should be noted that no reports were filed during 2022.

With regard to the protection of human rights, Philogen places human and worker rights at the basis of its management procedures. These principles are expressed within the Company's Code of Ethics and include the protection of human rights also along its supply chain and more generally within the context of the Group's activities.

There were no cases of non-compliance with laws and regulations during 2022, resulting in the absence of fines and non-pecuniary penalties. In addition, there are no pending or concluded lawsuits on anticompetitive behavior, nor any established incidents of corruption and violations of antitrust and monopolistic practice regulations.

[4] The documents are available on the corporate website www.philogen.com under governance/code-ethics-and-model-231.

1.4 Economic performance and fiscal transparency

FY2022 was characterized by a distinctive macroeconomic environment. In particular, the economy experienced a marked slowdown, caused by high levels of inflation due in part to the previous two years of pandemic and the subsequent restrictions introduced to curb its spread, and in part due to the Russian-Ukrainian conflict, which affected commodity and energy prices, generating high inflation, high volatility in exchange rates, and instability in financial markets.

However, these factors did not affect the Group's economic *performance* except for the reflections given by the increase in energy and raw materials.

Compared with the fiscal year ended December 31, 2021, which showed a loss of 15,725 thousand euros, the Group closes fiscal year 2022 with a loss of 5,376 thousand euros, a significant improvement over the previous year.

The following are the main economic items from operations that characterized FY2022.

Revenues from contracts with customers amounted to Euro 23,713 thousand as of December 31, 2022 compared to Euro 2,496 thousand as of December 31, 2021, thus recording an increase of Euro 21,217 thousand. This change is mainly attributable to *milestone* and *up front payment* revenues, research and development service activities, and third-party productions, all of which are expected from customer contracts signed in 2022 and from the progress of existing customer contracts.

Other income amounted to approximately Euro 3,582 thousand as of December 31, 2022 showing an increase of approximately 45.2% compared to the previous year. This item mainly includes contributions for tax benefits provided by Italian law such as research and development tax credit, technological innovation tax credit and industry 4.0 tax credit as well as the contribution provided by research grants for projects co-financed by the European Community, the Tuscany Region and Eurostars projects. The increase, compared to the previous year is mainly attributable to the industry 4.0 tax credit related to the interconnection of the new GMP, as well as two other credits related to "extraordinary" activities carried out during 2021 and the first six months of 2022, specifically the SME tax credit for admission to listing on a regulated market and the ACE tax credit related to the capital increase raised during the listing.

Operating Costs mainly include production material costs, clinical and preclinical service costs, personnel costs, and other operating costs and show an increase of about 22% from the previous period. The variance net of extraordinary costs incurred in the first quarter of 2021 for the IPO transaction is about 29%. This variance is mainly attributable to (i) the increase in costs for materials and services related to the Group's *core business* activities, and (ii) the increase in personnel costs related to the hiring plan aimed at

structuring the workforce of the new GMP *facility* and strengthening management and staff functions .

Consequently, EBITDA, shows an increase over the previous period from a negative amount of 14,913 thousand euros as of December 31, 2021 to a positive amount of 3,021 thousand euros as of December 31, 2022.

Depreciation and amortization shows an increase of approximately 50% compared to the period ended December 31, 2021 due to the entry into operation of investments incurred for the equipment and interconnection of the new GMP facility at the Rosia (Siena) site. It should be noted that, in line with the company's forecasts, the investments for the new GMP have been completed (for more details about the new GMP *facility, please refer to* section 3.1 of the management report). As of December 31, 2022, the new facility is in operation in order to carry out the mandatory activities to obtain the AIFA authorization necessary for the production of drugs.

EBIT, calculated as the difference between EBITDA and depreciation and amortization, shows a positive balance of 240 thousand euros.

Economic value generated and distributed

Directly Generated and Distributed Economic Value is the result of a reclassification of the consolidated income statement and shows how the value created is redistributed to the Group's *stakeholders.*

Specifically, the statement below expresses Philogen's economic performance and the resources that are distributed to entities of strategic interest to the company such as: suppliers, workers, investors, and government.

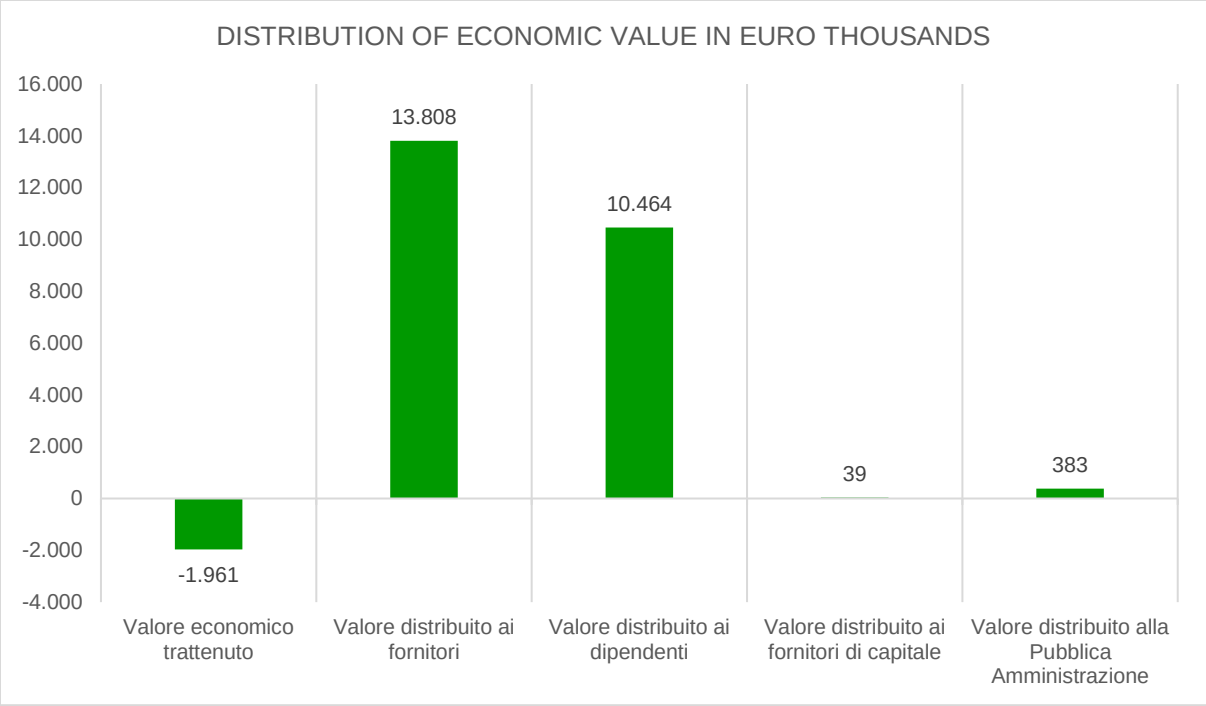
Statement of economic value generated and distributed [5]		
In euro thousands	**2022**	**2021**
Directly generated economic value (A)	22.735	6.550
Economic value distributed (B)	24.695	19.937
Of which: value distributed to suppliers	13.808	10.933
Of which: value distributed to employees	10.464	8.944
Of which: value distributed to capital providers	39	51
Of which: value distributed to the public administration	383	8
Economic value retained (A) - (B)	-1.961	-13.386

Analysis of the distribution model shows that the Group generated a value of approximately 22.7 million (A), an increase of 247% over 2021. The economic value generated represents the wealth created by the Group in the fiscal year and consists, mainly, of revenues from sales and services.

Distributed value (B) represents *stakeholder* remuneration, which is the portion of the value generated that is distributed by the Group to suppliers, employees, capital providers, and the public administration to maximize the positive socioeconomic impact of its activities. Specifically, in 2022, Philogen distributed a total of about 24.7 million. The *stakeholder* category receiving the most significant portion is suppliers to whom more than 13 million euros were distributed mainly in the form of service and raw material costs.

Next comes the remuneration of Group employees, who received more than 10 million euros to cover salaries, severance pay and social security charges. The remainder of the distributed value went to capital providers, such as banks and other lenders, and to the public administration in the form of taxes.

[5] Directly generated economic value includes the following items in the consolidated income statement: revenue, other income, foreign exchange gain/loss, and financial income/expense.
The retained economic value includes the following items in the consolidated income statement: profit/loss for the year, depreciation and amortization, and deferred taxes.
For the distributed economic value, see what is explained in the text below.



Fiscal transparency

The Group's taxation is based on the tax regulations of the countries of residence by taking advantage of the possibility to benefit from provided tax breaks.

In particular, the Group benefits permanently by virtue of its research activities from benefits which do not contribute to the tax base.

Chief among these are: the Research and Development Credit, the Technology Innovation Credit, and the Patent Box.

In addition, fiscal year 2022 the Group benefited for more than Euro 2,586 thousand from the Industry 4.0 Credit related to the interconnection of the new GMP, which in line with the company's plans, was completed during the year. As of December 31, 2022, the new plant was in operation in order to carry out the mandatory activities to obtain the AIFA authorization necessary for the production of drugs.

In particular, with reference to the indications of Law No. 262/2005, the Company ensures tax *compliance* through the adoption of a set of corporate *policies*, having the function of guidelines in various areas, including *tax credit*, which are applied by *management* in the decision-making process in order to more efficiently and effectively achieve the described objectives. In addition, the Company employs specialized consultants in order to share the correct interpretation of the relevant regulations and the complete preparation of the required supporting documentation. As a complement, it should be noted that for some

types of credit (i.e. R&D Credit) the sector regulations require the issuance of a special certification by the Auditor of Accounts that guarantees the *assurance of* the facility itself.

The Board of Directors has vested the CFO with all the powers and means necessary for the exercise of the duties assigned to him, including supervision of tax compliance. The Chairman of the Board of Directors, as vested with appropriate powers, signs tax returns. The CFO is responsible for the management of tax compliance in his capacity as the Manager in charge of preparing corporate accounting documents. In particular, the CFO constantly monitors tax relief regulations with the support of external consultants who assist the Company in its initial cost-benefit assessment activities and represents the Group in all its relations with tax, financial and administrative offices.

By virtue of the research activity it pursues, it benefits from tax breaks on an ongoing basis. In addition, in compliance with Italian tax regulations, the Company prepares the required documentation for *transfer pricing* purposes with the aim of monitoring *intercompany* transactions and ensuring compliance with market conditions for the transfer prices applied.

The tax risk identification process was implemented through the preparation of the MOG 231 within the special section on tax crimes. This section in fact identifies the company areas at greatest risk of these crimes being committed ("sensitive areas") and the various safeguards established by the Company in order to reduce them.

The verification activity in relation to the adequacy and effectiveness of the internal control system and the management of the risks in place at the Group, including tax risks, involves continuous monitoring. The *internal audit* function, due to its characteristics of objectivity and independence, as well as its skills and knowledge, is the suitable function in carrying out this activity of *quality assurance* and continuous improvement.

The Company effectively cooperates and maintains a behavior that ensures maximum transparency in its dealings with the Authorities, including the Tax Authorities; the Group has also assessed that there are no elements that generate concern from *stakeholders in* relation to tax matters.

In particular, it should be noted that, with reference to the internal control system implemented in relation to the financial reporting process, the Company has embarked on a path of adjustment to the indications of Law No. 262/2005 aimed at documenting the accounting and administrative control model adopted, as well as performing specific checks on the controls detected, in support of the attestation process of the Manager in charge of preparing corporate accounting documents.

The aforementioned accounting and administrative control model represents the set of internal procedures and tools adopted by the Company in order to enable the achievement of the corporate objectives of reliability, accuracy, trustworthiness and timeliness of financial reporting.

It should be noted that the Company has provided adequate controls in order to mitigate the risk of misrepresentation/accounting of revenues in the financial statements to ensure adequate estimation of such revenues from tax breaks.

The Executive in Charge continuously monitors the adequacy of the controls detected through *testing* activities, initiating corrective actions where necessary in the face of detected deviations.

Country-by-country reporting				
In euro thousands	**2022**		**2021**	
	Italy	**Switzerland**	**Italy**	**Switzerland**
Names of resident entities	Philogen Spa	Philochem AG	Philogen Spa	Philochem AG
Main activities of the organization	Research and development, manufacturing, preclinical testing, and clinical development of drugs for experimental use	Research and development of new drugs	Research and development, manufacturing, preclinical testing, and clinical development of drugs for experimental use	Research and development of new drugs
Number of employees	118	39	96	34
Revenues from sales to third parties	6.036.305	17.675.398	2.234.511	261.622
Revenues from intergroup transactions with other tax jurisdictions	602.647	1.996.774	346.323	2.525.237
Pre-tax profit/loss	- 5.733.427	11.561.706	- 14.255.762	- 3.292.055
Tangible assets other than cash and cash equivalents	11.434.857	1.264.582	9.768.735	1.215.403
Taxes paid on corporate income on a cash basis	-	-	-	-
Corporate income taxes included in the income statement (i)	- 607.552	- 409.304	- 503.663	18.706

2.The approach to sustainability

In light of regulatory and market requirements, especially following the Company's listing, the process of integrating sustainability principles into the Group's growth strategy has been deepened and strengthened.

This led to the implementation of several activities. The first step was to carry out an ESG assessment in 2022 that identified the Group's positioning in sustainability areas compared to *best practices* and the industry *benchmark*. A number of areas were then identified and indentified where it was deemed appropriate, from an ESG perspective, to strengthen efforts and improve management.

Specifically, also in light of market and regulatory expectations, a list of actions to be taken was prepared. This analysis was subsequently shared by the Company with the Risk and Sustainability Committee, together with the Board of Statutory Auditors and the Internal Auditor, in order to define the priority actions to be taken. Specifically, the actions were divided into three categories: (i) "formalized actions," (ii) "ongoing and short-term actions," and (iii) "actions that can be implemented in the long term."

The first category includes those activities that, considered of primary importance by *management* as well as of rapid implementation, were immediately put in place by the Company following the completion of the positioning analysis. Some of them are by way of example: the appointment of the ESG Working Group, the creation of the "Sustainability" section on the company website, and the periodic information to investors and *stakeholders* regarding ESG issues within *webinars*.

Actions in the second category, i.e., "*ongoing and short-term*" actions, are those currently under the attention of the Company's *management*, which is working on their implementation. One example is the digitization of certain business processes.

Finally, actions that can be implemented in the long term are those actions that, as a result of internal evaluations, have been deemed relevant but not a priority by the Company and that, given their complexity, require a longer time horizon for their evaluation and implementation, such as, for example, the possible obtainment of certain certifications such as SA8000, ISO 37001, ISO 45001 and the possible extension of ISO 9001 to the Montarioso plant and the new GMP in Rosia.

In parallel with the analysis of Philogen's positioning and the related goal plan implemented, the Group has embarked on a structured and organic path of reporting on sustainability issues in order to transparently communicate to *stakeholders* its sustainability *performance* and results achieved annually.

2.1 Group *stakeholders* and the materiality analysis

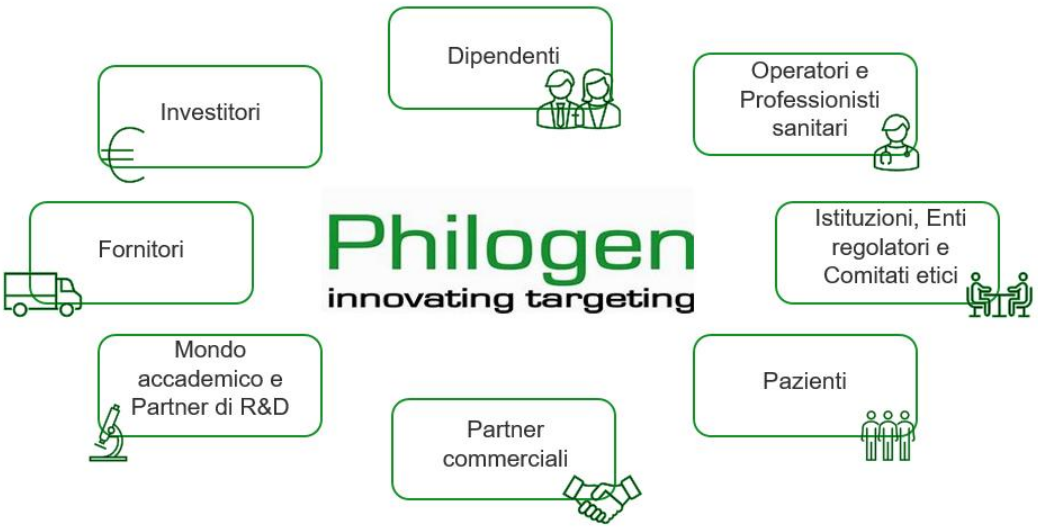
Consistent with the GRI Standards, Philogen conducted the materiality analysis in order to identify its significant impacts on the economy, the environment and people, as well as delve into the needs and expectations of its *stakeholders* in this regard.

Specifically, the materiality analysis was carried out through the following steps:

1. Understanding and assessment of the context in which the Group operates (industry, socio/political environment, *business* relationships, geographical areas of operation, etc.), carried out through analysis of key sustainability-related information on Philogen, and through *benchmark* analysis based on a *panel of* companies in the industry. In addition, the main sources of literature and international publications in the field of sustainability were considered[6] . It should be noted that relevant *stakeholders* were also identified at this stage;
2. Identification of current and potential positive and negative impacts that the Group generates through its activities or could generate on the economy, the environment and people. In conducting this analysis, impacts on people's human rights within the scope of the organization's own business activities and relationships were also considered;
3. Assessing impacts through the involvement of *top management*, seeking to intercept the expectations of its *stakeholders*;
4. Prioritization of impacts and aggregation into material themes.

The Group has identified its relevant *stakeholders*, i.e., those individuals or groups of individuals who influence or are influenced by the Company, its activities, products or services, and related performance results. Below are the 8 categories of *stakeholders* identified as significant:

[6] GRI Standards, The Sustainability Yearbook 2022 (S&P) for the Biotechnology Industry sector, SASB Standards for the Biotechnology & Pharmaceuticals sector, Datamaran for the Biotechnologies, Life Sciences and Pharmaceuticals sector, and from the UNEP FI Sector/Impact Map for the Manufacture of pharmaceuticals, medicinal chemicals and botanical products sector.



According to the GRI Standard's methodology, a sustainability issue is material if it is related to significant impacts of the organization (*impact materiality*) - negative or positive, actual or potential - on the economy, the environment and/or people, including their human rights, caused by the organization's activities and investments, its products and/or services or its value chain, in the short, medium and long term. The significance of impacts is measured by considering their severity as well as their likelihood of occurrence.

To this end, the Company's *management* and the ESG Working Group held a dedicated "materiality *workshop" in* December 2022, in which they assessed the relevance of the sustainability impacts previously identified, also seeking to intercept and represent the instances and expectations of the Group's *stakeholders.* The materiality of each impact was then assessed by the Company, considering the scale, scope and likelihood of individual impacts. Following the collected assessments, the impacts were then prioritized and, those found to be most significant, were aggregated into material themes.

The issues that were material to the Philogen Group as a result of the materiality analysis conducted are summarized in the following table:

Results Materiality analysis 202				
Material theme	**Impacts generated**	**Nature of impacts**	**Group involvement**	**Perimeter**
Ethics and *compliance*	Unethical business conduct	Negative	Caused by the Group	Group
	Non-compliance with laws, regulations, and *standards*	Negative	Caused by the Group	Group
Contribution to public health	Contribution to public health	Positive		Group and patients
Patient health and safety	Impact on patient health and safety	Negative	Caused by the Group and related to business relationships	Group, Clinical Centers and Patients
Attraction, development and retention of workers	Employee satisfaction and well-being	Positive		Group
	Worker training and growth	Positive		Group
	Fair remuneration of staff	Positive		Group
	Talent attractiveness and youth growth	Positive		Group
Waste Management	Generation of waste	Negative	Caused by the Group	Group
	Biological contamination from special waste	Negative	Caused by the Group	Group
Inclusiveness in experimentation pathways	Inclusiveness in experimentation pathways	Positive		Group and Clinical Centers
Worker health and safety	Workplace accidents	Negative	Caused by the Group	Group and outside workers[7]
Economic performance and value distribution	Generation and distribution of economic value	Positive		Group
	Failure to pay taxes and fees in the countries where the Company operates	Negative	Caused by the Group	Group
Data Privacy	Violation of privacy and loss of patient data	Negative	Caused by the Group and directly related to business relationships	Group and Clinical Centers

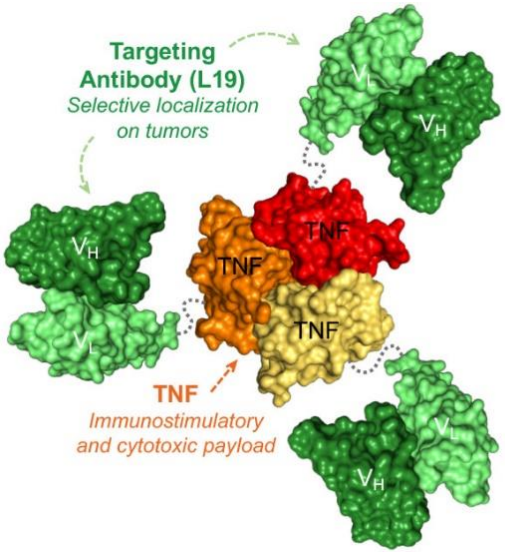
[7] Outside workers include interns and the consultant CMO (chief medical officer).

Local communities	Local development and community relations	Positive		Group
Diversity and equal opportunity	Discrimination and non-inclusive practices in the workplace	Negative	Caused by the Group	Group
Energy consumption and emissions	Energy consumption	Negative	Caused by the Group	Group
	Generation of direct and indirect energy GHG emissions (Scope 1 and 2)	Negative	Caused by the Group	Group

3. From research to drug

3.1 Discovery and Experimentation

The Group's activities cover all stages of the drug development process, from *discovery* (*discovery* phase), through manufacturing activities, to preclinical and clinical development. Research and development activities in oncology represent the Group's core business.

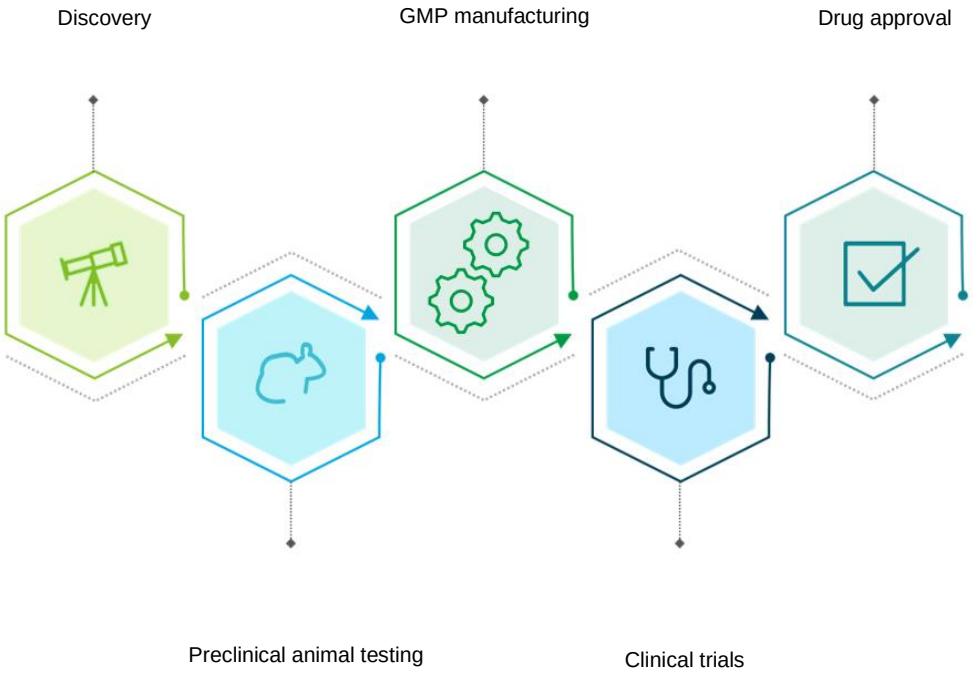


As mentioned, the Group operates through:

- the parent company, headquartered in Siena, which operates GLP-authorized laboratories, GMP-authorized manufacturing facilities, and coordinates clinical trial activities in collaboration with numerous clinical *trial* centers in Europe and the United States.
- the subsidiary company, based in Switzerland, which conducts research and development (*discovery*) in the areas of therapeutic antibodies and small organic molecules at its laboratories in Zurich. New drug discovery is based on the use of *Antibody Phage Display* and *DNA-Encoded Chemical Libraries* technologies. Preclinical experiments are also performed in Switzerland to evaluate the efficacy and tolerability of new prototypes. The most promising prototypes are subsequently taken into clinical trials, subject to GMP production of the drug.

Structured research groups operate at the Swiss headquarters, bringing together scientists from all over the world, with various specializations and carefully selected to ensure a high level of expertise and innovation. The latter is also fostered by the inclusion in the working groups of a significant number of doctoral students from leading Swiss, Italian and international universities, who are able to accrue new ideas, empirical evidence and publications. The progress of Discovery is reported periodically in a monthly report for the supervision and approval of *top-management*.

The main *steps* in the pathway of a newly developed drug are:



In Swiss laboratories, through the use of state-of-the-art technologies, new candidate molecules are identified for the next phase of testing in preclinical studies. In addition, research continues with the clinical development of drugs intended for the treatment of diseases of high medical need (e.g., Glioblastoma and Soft Tissue Sarcomas).
The Group's main therapeutic strategy for the treatment of difficult-to-treat diseases is the so-called *tumor targeting*, i.e., the development and use of ligands (binding molecules, such as antibodies) that are particularly well suited for the detection of tumor antigens, so that the therapeutic active ingredients can be directed selectively at the tumor mass, rather than at healthy organs.

Preclinical testing plays a key role in understanding the toxicity and efficacy of a drug candidate. Most preclinical animal studies are conducted at dedicated facilities licensed by Swiss cantonal authorities. A component of preclinical studies, the *focus of* which is the evaluation of the toxicological aspect of the drug candidate (so-called *Safety Tox*), is contracted out to external providers. For all these phases it should be specified that in order to ensure the highest *standards of* quality and safety, and to minimize the number of animals involved, the principles of *good laboratory practices* as well as the principle of the 3Rs (Replacement, Reduction and Refinement) are followed in preclinical studies.

The principles of Good Laboratory Practices define a management system to outline the conditions under which a preclinical study is planned, carried out, monitored, recorded, reported and archived.

The international principle of the **3Rs** (Replacement, Reduction, Refinement) requires that animal experimentation be used only when it is not strictly impossible to do otherwise, and always with a view to minimizing the number of animals involved in experimentation.

Specific training is also provided for each employee dedicated to performing the appropriate tasks to fully respect animal *welfare.*

In parallel to drug development activities, Philogen directly oversees and protects its Intellectual Property ("IP") through patents, trademarks and licenses registered both nationally and internationally, through its internal IP department. In fact, industrial and intellectual property rights represent a central element for Philogen in order to ensure the protection of the results of the Group's research and development activities, both with regard to drugs and the specific processes and technologies implemented. The intellectual property protection strategy, which is well established in the field of cancer *targeting*, is ensured through the use of a large international portfolio of patents for inventions for industrial use and pending patent applications. This vertical integration ensures more direct and effective management of one of the core elements of the Group's *business.*

The principles of Good Manufacturing Practices define a Management System to ensure that the production of drugs takes place according to appropriate quality *standards.*

The most promising drugs from the preclinical phase enter the clinical trial phase after obtaining the appropriate ethical and regulatory approvals. Production takes place at the Group's two Italian sites. The Montarioso plant, which has held **GMP** certification from AIFA since 2004, is authorized only for the production of investigational drugs intended for clinical trials. At the Rosia site, on the other hand, work on upgrading the second GMP production facility has been completed. AIFA certification is expected to arrive in 2023. The new plant has been designed to meet regulatory requirements and the highest quality *standards* for the production of protein therapeutics and will be intended for the production of not only clinical trial pharmaceuticals but also commercial pharmaceuticals.

The principles of Good Clinical Practices compose an international *standard* of ethics and scientific quality for designing, conducting and reporting clinical trials involving human subjects.

Philogen operates in accordance with ICH E6 (R2) Good Clinical Practice - **GCP** and has implemented a Quality System for the execution of clinical trials, both internal and external. Philogen conducts clinical research seeking to improve scientific knowledge through collaboration with academic institutions to accelerate the development of new next-generation treatments for patients.

To demonstrate this, among all external clinical trial specialists called Contract Research Organizations (CROs), Philogen enters into collaboration exclusively with those entities that demonstrate their high quality *standards* with absolute rigor.

Under current regulations, each individual clinical trial must be expressly evaluated and approved by the relevant state-by-state authorities and the relevant Ethics Committees involved in the trial authorization process. This process is completed before the center dedicated to the trial can proceed with patient enrollment activities. Generally, the authorization process involves the filing of a complete dossier with the competent authority and then the issuance by that authority of a trial-specific approval.

Philogen has many ongoing clinical trials, from phase I to phase III, conducted in collaboration with specialized centers in Europe and the United States, aimed at evaluating new investigational drugs. The Company, in 2022, recorded a 33 percent increase in the total number of patients included in its trials, giving even more patients the opportunity to receive innovative drugs.

In the case of *outsourcing*, the Group has defined an internal process for managing and supervising the various phases of clinical trials by organizing numerous visits and inspections at the sites of CROs that ends with a qualification process of the CROs with whom the Group collaborates. Philogen, also adheres to transparency policies on the publication of clinical trial information, both nationally (e.g. AIOM; KOFAM) and internationally (e.g. Clinicaltrials.gov; EU Clinical Trials Register).

Philogen also collaborates with various hospitals and institutions on requests for investigational drugs for compassionate use domestically and internationally, in compliance with current regulations. In 2022, the Group was able to further expand scientific collaboration with academic hospitals, increasing the number of sites involved in clinical trials by about 56 percent (57 in 2021 compared to 86 in 2022).

In order to ensure compliance with applicable GCP (Good Clinical Practice) regulations, patient data collected by Philogen as part of the various clinical trials are collected in anonymized form. In this regard, it should be noted that the Company provides patients involved in the various clinical trials with appropriate *privacy* notices and makes available to them the e-mail address "philogen@privacy.com" to submit any complaints as well as exercise their rights under the GDPR. During 2022 and the year prior to the year of reporting, no complaints regarding loss of data and information were registered.

During 2022, Philogen joined the National Industry 4.0 Plan. The digital technologies introduced will enable greater automation, as well as predictive maintenance and self-optimization of process improvements. Most of the machinery and instrumentation falling under Industry 4.0 is located in the new Rosia plant, while the Montarioso facility is only a small part of the equipment present.

Moreover, thanks to the implementation through Industry 4.0, personnel have the ability to view the progress of the machine process directly remotely; this improvement has brought countless time, material and economic benefits.

3.2 Product Quality and Safety

The world of pharmaceutical research and development is subject to a structured system of statutory, regulatory and international *standard* measures aimed at ensuring the highest levels of safety of products developed by companies operating in the sector. The implementation and active management of internal control processes requires the presence of specialized figures who are able to verify "*compliance*" with these measures and build the internal management systems to ensure product safety and quality.

Philogen ensures the highest levels of quality and safety for all stages of the drug development and manufacturing process through appropriate management systems. In fact, the Group has, at the Montarioso site, production facilities certified and authorized Good Manufacturing Practice - GMP by AIFA, with the relevant quality management system. The process aimed at obtaining GMP authorization from AIFA for the Rosia plant is currently underway.

Philogen's Bioanalytical Laboratory, at the Rosia facility, is involved in the analysis of biological samples collected as part of toxicity studies in animal models and biological samples derived from subjects participating in clinical trials. The analyses carried out are used to determine drug levels in the blood (pharmacokinetics) and to verify the immune response induced by drug administration (immunogenicity); biomarker analyses can also be conducted, for the evaluation of the pharmacodynamic profile of the product under investigation.

The laboratory has an ISO 9001:2015-certified quality system and is organized in such a way as to keep all aspects of its activities under control and ensure reproducibility of *performance* and thus maintenance but also continuous improvement of the quality *standards* provided. In addition, the laboratory has recently implemented a GLP-compliant management system (GLP according to international notation) related to

toxicology experiments on animal models, with the aim of expanding the range of services offered and giving further consistency and validity to the data produced.

Multiple control procedures are carried out daily in the company in line with Standard Operating Procedures (SOPs)-guidelines and procedures formalized by the Group and monitored internally by highly specialized figures. For the sake of clarity, a brief organizational chart follows in which the relevant professional figures in the areas of Qualified Person, Quality Assurance, Quality Control and CMC Regulatory are identified. The latter was recently introduced by Philogen in preparation for future commercialization of its own products.

Qualified Person (QP)

The Qualified Person is the **figure** responsible for **certifying** a **batch of** medicines for clinical *trials.* The responsibilities of this figure include:

- **Supervise** that each batch of medicines is manufactured and controlled in compliance with the **legal regulations** and conditions imposed in the marketing authorization of the medicine;
- Immediately **notify AIFA** and the head of the company on which it depends of any substantial irregularities detected in the medicine that has already been placed on the market;
- Actively **cooperate with inspections** carried out by the authority;
- **Monitor** the general hygienic conditions of the premises for which he/she is responsible.

Quality Assurance (QA)

It represents the strategic **department** that **ensures** that the drug is produced according to the quality standards dictated by **GMP,** or Good Manufacturing Practice, by aligning the organization with industry regulations and arranging for **changes** and **updates** to internal **procedures** that insist on the entire production chain.

Quality Control (QC)

Divided into chemical and microbiological, this is the department responsible for **testing and controlling** incoming **raw materials**, throughout the drug manufacturing process, and on the **finished product** to ensure that established product *standards* are maintained throughout the production process.

CMC Regulatory

The function of Regulatory CMC (CMC-RA) (Chemistry Manufacturing and Control) is to collaborate and maintain constant relationship with the Quality department, both in pre-registration and post-registration of products. The role was introduced for the purpose of structuring Philogen for future drug commercialization. This figure is responsible for:

- Ensure compliance of CMC practices with the requirements of regulatory agencies
- Manage eCTD - Electronic Common Technical Document (electronic *database* for drug trade approval)
- Manage registration procedures and coordinate the preparation of the entire registration *dossier*
- Be present from the beginning of the project and drug development in order to minimize errors and optimize registration time

Additional assurance of quality and safety comes from "*audit*" activities that are carried out both on the in-house facilities and at the clinics/bodies/hospitals at which clinical *trials* take place. These periodic audits are aimed at verifying the proper functioning of the implemented management systems and assessing *compliance* during all the activities that the Group carries out. In the case of audits conducted at external collaborators, the

purpose is to verify that the management systems and practices in place at external facilities are aligned with and meet the quality *standards* required by the Group.

Finally, as we specify in the next chapter, suppliers are a key component in the Group's drug development and production process; for this reason in the selection process, Philogen has implemented a system for evaluating, approving, and monitoring their quality and reliability.

Philogen evaluates 100 percent of significant product categories against health and safety impacts with a view to improvement.

During 2022, there were no instances of non-compliance with regulations and/or voluntary codes regarding health and safety impacts of products/services during their lifecycle, nor incidents of non-compliance regarding information and labeling of products and services.

3.3 Responsible supply chain management

Philogen is aware of the strategic importance of the supply chain in the development and production of drugs in order to ensure their high quality and reliability. For this reason, the Group has set up specific SOPs for the qualification and approval of suppliers and the issuance of purchase orders. The latter are further managed through a specific procedure. It should be noted that for some specific production processes for some products, the Group relies on an identified number of suppliers, whose technical production specifications are indicated and identified in the Group's production SOPs. SOPs that are shared with regulatory authorities.

Fundamental attention in the supplier selection process is paid to the category of logistics and transportation service providers: in fact, these operators are entrusted with the task of transporting, according to the criteria and specifications outlined in the Philogen SOPs, the experimental products, which must be stored and transported under controlled conditions as stipulated in the experimental protocol.

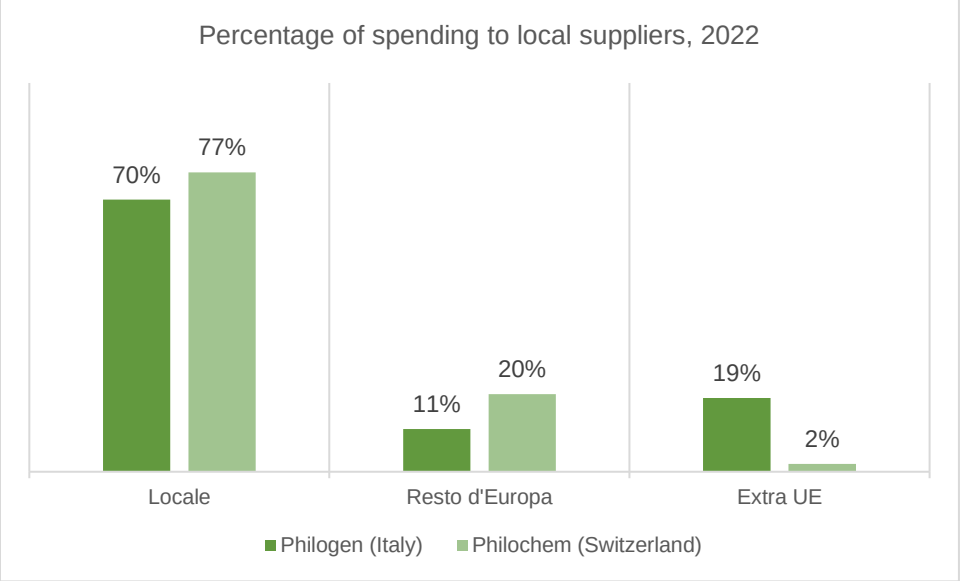
Some of the Group's experimental drugs, including monoclonal products, must be stored at a controlled temperature of -80°C. For this purpose, the containers in which the drugs are transported to the various experimental centers are equipped with temperature recording systems, which generate a detailed *report* on the temperature conditions at which the drugs are transported. This allows the entity receiving these products to verify their safety, quality and compliance once they have left Philogen's manufacturing facilities.

For the sake of completeness, it should be noted that within contracts with suppliers, there are specific clauses that refer to the Group's Model 231 to ensure compliance and require the application of all those provisions that imply the protection of ethical behavior in the performance of entrusted services. Relations between Philogen's people and the supply

chain are developed with respect for human rights, as well as the fundamental principles affirming social equality, including through mutual adoption and acceptance of the Code of Ethics.

Suppliers of production materials and services are also evaluated annually through a Risk Management Report and based on the risk priority index. When signing supply contracts with a new supplier, the Group conducts *audit* activities at the suppliers' premises in order to qualify that new supplier. This *audit* activity is also repeated over time at already qualified suppliers in order to ensure their *compliance* with the business *requirements* set forth in the Group's quality system

Even in view of recent events affecting global supply chains, where possible, Group companies prefer local suppliers[8] to facilitate easier and more immediate logistics. In 2022, the percentage of sourcing from local suppliers headquartered in the country was 70 percent for the Italian plants (76 percent in 2021) and 77 percent for the Swiss plant (71 percent in 2021).



[8] Geographical definition of "local" organization: purchase in the same country (understood as national territory) of use

4. Social responsibility

4.1 Development and well-being of Philogen people

Constant investment in the professional and human progress of people is the basis of Philogen's "*retention"* strategy for key figures. In 2022 there continued to be a conspicuous number of staff hires, both temporary and permanent, especially in Philogen, as a result not only of the listing process but also for the construction of the new production site. As of December 31, 2022, the Group's total workforce corresponded to **157 employees**, up 21 percent from the previous year. Key figures also include 7 trainees and 1 external consultant. The activities carried out by the trainees involve training in different departments (Production, Quality Control, Engineering, HR).

HUMAN RESOURCES

to December 31, 2022

157 Employees

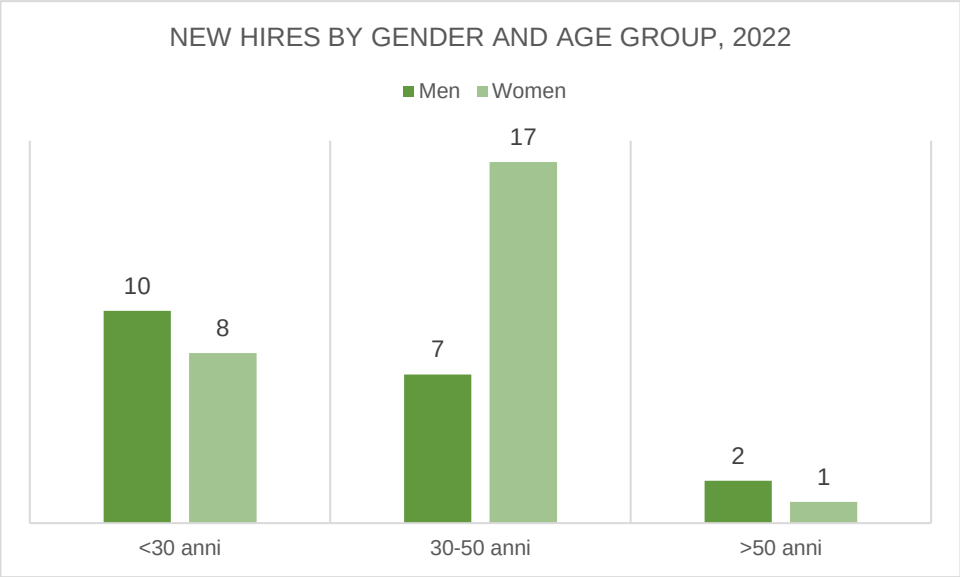
Of which:

55% Women

86% Permanent contract

45 hires in 2022

The type of permanent contract is predominant (86%), reiterating the importance of the measures put in place by the Group for the purpose of "*retention"* strategies of highly qualified personnel. In 2022, **45 employees were hired** (see the table below for a breakdown by age group and educational qualification, while the outgoing *turnover was* 18 people, mostly aged between 30 and 50).



The staff hired during the year ended Dec. 31, 2022 is highly qualified, being composed of 54 percent of Graduates and 28 percent of PhDs.

Employees by educational qualification			
Group Data	**to December 31, 2022**		
	Men	***Women***	**Total**
Ph.D.	22	22	**44**
Degree	29	55	**84**
Diploma	16	8	**24**
No Title	3	2	**5**
Total	**70**	**87**	**157**

The Group has always maintained strong relations with universities in the area in which it operates to select the best resources to whom it can guarantee "*on-the-job*" training and the opportunity to participate in Industrial Doctorate programs.

In order to support and foster the welfare of its people, Philogen has implemented a number of *welfare* initiatives, such as life insurance for Executives, reimbursement of medical expenses for Executives and Middle Managers, as well as the provision of Fuel Vouchers to the entire company population and Purchase Vouchers to the majority of it. These Vouchers are completely exempt from tax and social security charges. In addition, the Group, as reported above, has included its key employees in an incentive plan (Stock Grant Plan 2024-2026). The employees who benefit from the Stock Grant Plan are *full-time*, permanent contract employees who hold strategic positions that are critical to the Group's operation.

Philogen recognizes that the growth of human capital and related skills is the key to ensuring research and development activities in its target industry. The training and continuing education of employees employed in various research and production activities are critical to the Group's progress. Specifically, in a company such as Philogen, which is engaged in the development of experimental drugs, it is beyond crucial that each figure be updated and trained constantly to comply with the stringent regulations in force and apply industry *best-practices.*

In 2022, workers from each department participated in various courses on *compliance*, hands-on training, best practices on documentation management, Data Integrity, updates on regulatory activities, quality requirements during clinical trials, and again training on sustainability and updates on fiscal matters. Some of the entities where these training/updates were held include EMA, DIA Europe, SIMeF, AFI, LS Academy, AREA ISO.

The table showing the hours of training per capita carried out during the year can be found in the *performance* indicators section.

Training hours related to courses in the technical and managerial fields for the 2022 fiscal year totaled 891 hours; for health and safety training, however, 1,144 hours were

provided. Total training hours provided for Philogen employees during 2022 totaled 2,035, a sharp increase from the 2021 figure (292 hours). There was a significant increase in the number of hours delivered to the workforce in 2022 due in part to the general recovery and return to normalcy after the Covid-19 pandemic.

The Group implemented several training courses for its employees during 2022. Compared to 2021, the training hours provided increased by 597% from 292 hours in 2021 to 2,035 hours in 2022.

In 2022 Philogen concluded a contract to supply the Zucchetti HR Portal, a *software* for the new HR management system. A true Virtual Workspace will be created, a virtual workplace, accessible from anywhere with a simple Internet *browser*, where information can be accessed, transactions can be performed, and collaboration with internal business users can take place, simplifying daily activities and maximizing efficiency. The portal, which will be active from 2023, will bring several cross-cutting benefits in various areas. Indeed, there will be the ability, among others, to track staff attendance and have access to the hours allocated to each worker's projects. In this way, it will be possible to achieve a reduction in management time, as well as control over the hours worked and the productivity of resources. In addition, through the platform, internal communication will be fostered and facilitated through special company *intranet* and specific requests can be made.

The portal will lead to a significant reduction in paper material as well as streamlining in terms of management and communication, avoiding redundancies of information.

For staff, it is a tool for staying in touch with the company, receiving communications, notifications, and documents that the company makes available and making them active participants in processes, relieving centrally the burden of low-value management activities. In the future, the system will probably agree to new functions, such as managing travel expense reimbursement and digitized management of the company car fleet.

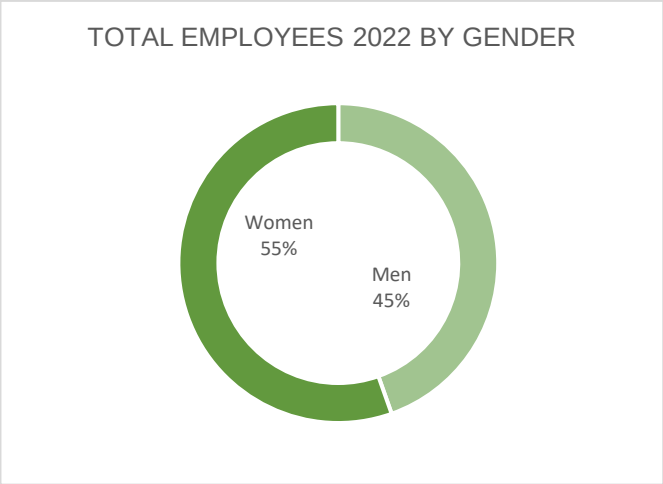
4.2 Diversity and inclusion

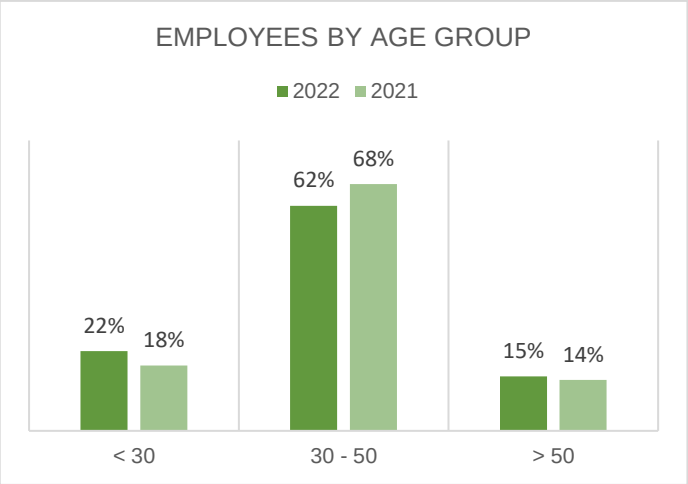
Philogen, in managing its human resources, aims to integrate and respect all forms of diversity, hindering any discrimination that may arise. The Group has always been a multicultural entity, which to date can count employees of more than 15 different nationalities in its workforce, and has strived over time to create an inclusive work environment that fosters creativity and confrontation.

Particular attention is also paid to the issue of gender parity: 55 percent of employees are female, and many key roles within the company are also filled by pink quotas, including the three representatives on the Board of Directors. Gender equality is even more important in the area of scientific research, an environment typically represented by a

male majority. The Group is committed to diversity among its researchers, seeking to reduce the disparity from year to year.

Finally, in accordance with Italian law, Philogen employs five people from protected categories.





Philogen is a dynamic business of competent and young people, which is evidenced by the fact that 62 percent of the Group's staff is in the 30-50 age group, followed by 22 percent of employees under 30 and only 15 percent over 50.

No actual or alleged incidents of discrimination were detected in 2022.

4.3 Our commitment to employee health and safety

To ensure the health and safety of employees, a health and safety management system has been implemented in the Group's Italian plants over the years based on the regulatory requirements set forth in Legislative Decree 81/2008. Philogen has also carried out risk assessments to identify hazards in the workplace and related prevention and protection measures. These risks are also monitored during the numerous *audits* conducted by the RSPP appointed by the Employer. In addition, any employee can report to his or her *line manager* any instance of potentially dangerous situations in the workplace (called "*near misses*"), while any accident is reported through a dedicated procedure. Each accident, which is appropriately handled by the relevant managers, involves a careful analysis of the causes, with the aim of highlighting improvements to be made to the DVR with a view to mitigation. Downstream of reports or accidents, decisions regarding techniques or operating procedures to be changed are also made by listening to *input* from the worker safety manager. The main hazards within the Company may be falls from heights <2m, confined space entry, electrocution, falling weights, and use of mutagenic carcinogens. These have been identified through the risk analysis process adopted by the company. Technical and organizational/procedural measures are in place to mitigate and control the hazards, some of which are being implemented. The plants involved in this analysis are the Rosia plant and the Montarioso plant.

At the same time, with the support of Philogen's Safety Prevention and Protection Manager, the Swiss plant has adopted internal arrangements for safety management also in compliance with regulations in Switzerland.

Both locations also provide their employees with an occupational medicine service offered in the protection of the confidentiality of the people who use it. For Philogen locations, employees have access to an outside competent physician, while Philochem employees are provided with the contact information of the nearest clinic to the location.

Philogen employees can join the Faschim Health Insurance Fund, which is provided for in the National Collective Bargaining Agreement for Industrial Pharmaceutical Chemists. The employment relationship to benefit from it must be permanent, fixed-term equal to or more than 6 months, excluding the probationary period, *part-time* equal to or more than half of the legal weekly working hours.

Upon hiring, the relevant membership forms as well as the regulations are routinely given to employees in order to make them aware of the possibility offered.

In addition, employees with cadre status enjoy health insurance for reimbursement of medical expenses, the cost of which is fully borne by the Company.

It is reported that the organization maintains the confidentiality of personal health information of workers which is handled by the company doctor by the RSPP and the HR Department in compliance with current legislation (GDPR).

In fulfillment of the obligations of Legislative Decree 81/2008 and the State-Regions agreement, periodic safety training and refresher courses are prepared for all employees divided into general and specific training courses. In the year 2022, specific courses on occupational safety were provided to 69 employees for a total of 1,144 hours, and evacuation testing was conducted. Specifically, training courses are held in-person at the Company's headquarters or through telematic modes and are taught by qualified teaching staff selected by the RSPP.

To ensure the successful completion of the training activity, workers fill out an evaluation questionnaire for the issuance of a certificate of participation.

In 2022, training courses aimed at updating and increasing the number of First Aid employees were carried out again, depending on the increase in the workforce. This course was enriched with an optional module inherent in specific *training* on the use of the defibrillator, a life-saving device increasingly recommended in Companies. In 2022, in fact, Philogen purchased two semi-automatic Defibrillators with text *display*, biphasic wave and internal memory, one for each production site.

The first half of 2022 continued to be marked by the Covid-19 epidemic emergency, which inevitably affected the Group's level of operations as well. In response to the pandemic, Philogen adopted an operational instruction outlining specific measures to be implemented in the company aimed at preventing the risk of contagion.

During 2022, there were no workplace injuries for either employees or outside workers (interns and consultant CMO - Chief Medical Officer).

4.4 Collaboration with local communities

Philogen has a strong presence in its local area and collaborates on an ongoing basis with local entities, supporting sector initiatives. In particular, the Company is particularly active in funding numerous scholarships for PhDs in the biotechnology sector at the Universities of Siena, Florence, Pisa and IUSS Pavia. The Group has also been collaborating for several years with ETH Zurich and the University of Zurich. As a result of collaborative work with both, Philochem was awarded funding from Innosuisse with respect to a number of projects aimed at research in the field of coded DNA chemical libraries and for the exploration of novel antibody-cytokine fusions for the treatment of brain and hematological tumors. In addition, Philogen maintains relationships with the German Cancer Research Center at Heidelberg (DKFZ) and Wyss in order to manufacture contract products in Philogen's GMP facilities.

dkfz. GERMAN CANCER RESEARCH CENTER IN THE HELMHOLTZ ASSOCIATION

In addition, Philochem was the winner of the Marie Curie Excellence Award, a project funded by the European community in the context of recognizing scientific progress and the inclusion of doctoral students in the corporate *network.* The award, in fact, encourages the international mobility of scientific researchers in the European context.

The Society, until July 2022, remained affiliated with the Toscana Life Sciences (TLS) Foundation, a nonprofit organization that has been operating since 2005 in the regional landscape with the goal of supporting research activities in the sciences of life and, in particular, to support the development of projects from basic research to industrial application.

TLS TOSCANA LIFE SCIENCES

Finally, it should be noted that on May 4, 2022, Philogen organized a meeting at the "Italo Calvino" hall of the Santa Maria della Scala Museum Complex, during which it introduced itself to the press and the city of Siena. In addition to the mayor of Siena, the meeting was attended by an audience of about 100 young and bright researchers from Italy and abroad. The event was an opportunity to introduce themselves to the area, as well as a time to celebrate the completion of the new *facility* in Rosia.

5. Environmental responsibility

Within the Sustainability journey undertaken by the Philogen Group, environmental protection occupies a central role. As evidence of this commitment, Philogen has undertaken and planned a number of activities in the different areas of its *business*.

In particular, the Group's production plants operate in compliance with current environmental regulations and the permits to which they are subject; specifically, the sites in Montarioso (Siena) and Rosia (Siena), have AUA (Authorizzazione Unica Ambientale) discharge permits that regulate, among other things, the release of air emissions and the storage and disposal of hazardous waste.

5.1 Energy and Emissions

In light of commitments at the international and European level such as the 2015 Paris Agreement and the European Climate Act as well as the *regulator*'s numerous interventions in recent years, the Company recognizes the importance of combating climate change and is committed to contributing positively to environmental protection through the development of strategies and initiatives aimed at encouraging the minimization of environmental impacts related to the conduct of business activities.

To conduct its operations and production processes, Philogen uses mainly methane gas and electricity. The latter, originally obtained exclusively from the grid, is now partly self-generated thanks to the photovoltaic system the Group has built at the Rosia plant. With the current installed power of 70 kW, the addition of an additional 40 kW plant, which is in the process of being connected to the grid, and the planned increase to 320kW over the next few years, the Group can count on the support of an alternative, fully renewable source that covered, as of December 31, 2022, about 1.53 percent of the Group's electricity consumption.

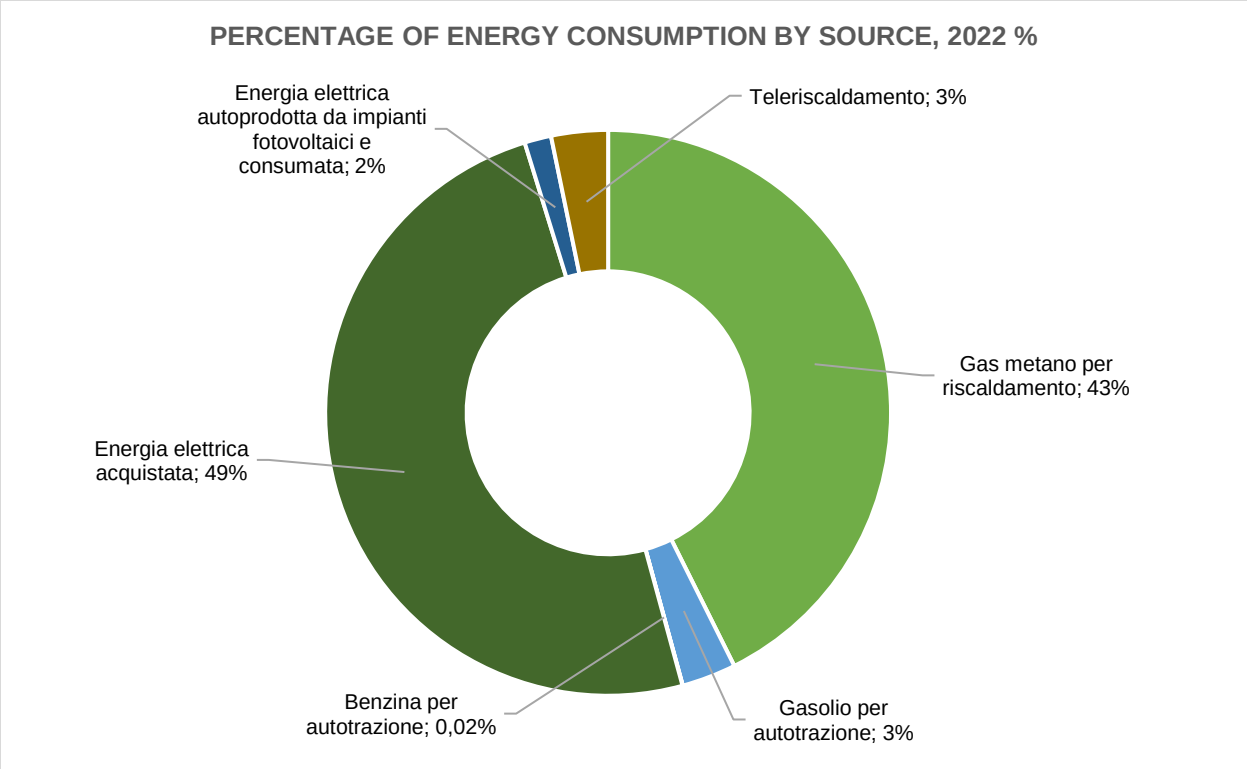
ENERGY

19,155 GJ Energy consumed

Of which:

1.53% Renewable energy

In 2022, the Group consumed 19,155 GJ of energy with a 110% growth over 2021 due to the start-up of the new GMP plant at the Rosia site, which generated significant consumption. Natural gas accounted for 43% of the Group's energy consumption, while purchased electricity accounted for 49%.

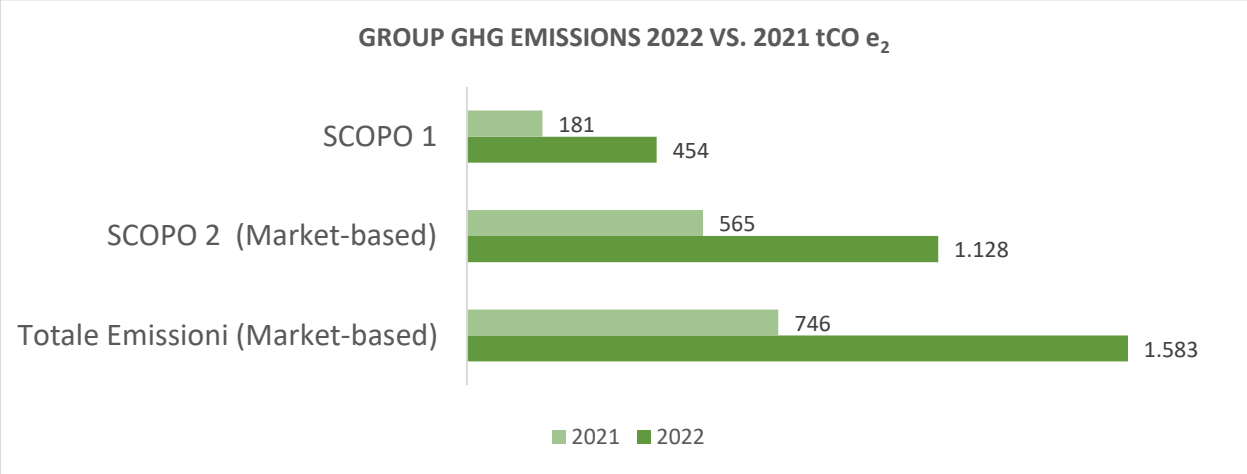


The first step toward reducing energy consumption from nonrenewable sources is definitely to reduce electricity consumption. This is precisely the goal of the project to modernize the plants' lighting systems, which involves the gradual but continuous replacement of all lamps with new, more efficient LED systems. During 2022, all lamps within the laboratory area and in the new production plant were replaced. In addition, the modernization of the lighting systems also involved the exterior of the buildings, where streetlights with LED system were installed.

Energy intensity expresses the energy required to generate the Group's revenues. Compared to 2021, the intensity decreased by 62% from 1.84 GJ/thousand in 2021 to 0.7 GJ/thousand in 2022.

Direct emissions generated by the Group in 2022 from consumption of natural gas, diesel fuel and gasoline (Scope 1) are 454 tons of CO_2 e, up 151% from 2021, again due to the startup of the new production facility. The most impactful categories are methane gas emissions, accounting for 91.17%, followed by diesel fuel for automotive use, which is 8.78%.

CO_2 emissions from the consumption of purchased electricity (Scope 2[9]), according to the *market-based* calculation method, is 1,128 tons of CO_2 .The total emissions (Scope *1* and *Scope 2 Market based)* is 1,583 tons of CO e.$_2$



5.2 Water resources

The production of injectable solutions makes it necessary to use machinery to treat water taken from aqueducts in order to make it suitable for medical application. During the fine-tuning phase of the Rosia plant, the Group installed only state-of-the-art treatment equipment, which ensures very low energy consumption compared to older equipment. In 2022, a total of 6.58 ML of water was withdrawn by the Group from the aqueduct, an increase of 94% over the 2021 figure. In order to assess its impact in sensitive areas, with regard to water withdrawal and discharge in water-stressed areas Philogen uses the Aqueduct Tool developed by the World Resources Institute to identify areas potentially at risk. Pursuant to this analysis, water withdrawals and discharges related to the Group's two Italian sites involved water stress areas, while the Swiss site is located in a low-risk area.

[9] Scope 2 emissions are calculated using the two methodologies required by the reporting standard used (GRI Sustainability Reporting Standards):

- Location-based approach: reflects the intensity of emissions generated by electricity consumption in relation to the generation network within which it operates;
- Market-based approach: reflects the intensity of emissions generated by the consumption of electricity purchased through any specific supply contracts.

Scope 2 emissions are expressed in tons of CO2, however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO2equivalents) as inferred from the relevant technical literature. It should also be noted that the Group has not used certificates of origin to purchase electricity from renewable sources.

5.3 Waste

For a company such as the Philogen Group, which is involved in biopharmaceutical research and the production of experimental drugs, care and proper management of the waste produced is of paramount importance.

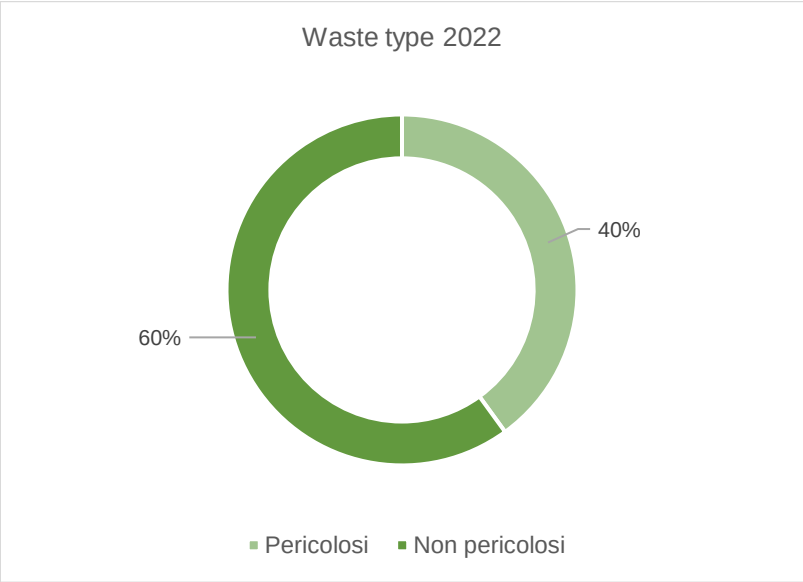
Philogen produces both ordinary municipal waste, which is disposed of through separate collection, and special waste, which is collected by specialized firms. For the former, the separate collection system at the Montarioso site, operated by a specialized company, ensures proper disposal of all municipal waste. At the Rosia plant, the system of separate disposal of ordinary waste has also been completed. Special waste generated by the laboratories is stored inside a special warehouse, collected in approved containers for sanitary waste, and is disposed of by a specialized company in the manner prescribed by law. Philogen relies on a company certified under ISO 14001 for the activities of "Special Waste Collection and Transportation, Brokering, Disposal and Asbestos Remediation, Environmental Consulting" and present among the organizations registered under EC Regulation No. 1221/2009. Liquid waste generated by the production process, on the other hand, is conveyed by a wastewater collection system and then collected in a special collection *tank.* Subsequently, they too are disposed of by a specialized company according to current regulations.

With respect to waste that may have undergone viral contamination, Philogen has adopted an additional autoclave treatment procedure at the Rosia plant. This ensures that even contaminated waste is rendered completely defenseless once it leaves the production site. It is also the Group's concern to send such waste for incineration as a further guarantee of eliminating all potentially hazardous traces from the materials being disposed of. Philogen has a register per site, issued by the Siena Business Registry Office from the relevant Chamber of Commerce, in which to record the type of waste, the quantities produced and its destination for disposal.

As required by the regulations, each type of waste in order to be disposed of needs documentation showing the traceability of the various steps starting from the waste producer continuing with the transport to the disposal center and the disposal method. The Waste Identification Form consists of four copies: the first copy remains with the producer of the waste, the second copy is with the transporter, the third copy remains with the disposer, and the fourth copy returns to the producer after being completed with the disposal information.

The possibility for Philogen to reduce waste generation within the raw material procurement processes is limited firstly by the particularity of the raw materials themselves, secondly by the small number of suppliers operating in the market moreover subject to stringent industry regulations.

In 2022, a total of 25.60 tons of waste was produced (-11% compared to 2021) [10] , the majority of which is non-hazardous waste (60%). Regarding the end-of-life of waste, 40% of waste is sent for incineration while 60% is sent for recycling. Waste generated in offices and generally assimilated municipal waste is entrusted to the public disposal service.



[10] The Group's total number of wastes does not include those produced by the Swiss site because, since they are only research laboratories, they are not significant. The value therefore includes the two Italian plants in Rosia and Montarioso.

Performance indicators

ENVIRONMENTAL RESPONSIBILITY

DISCLOSURE 302-1 Energy consumed within the organization.

Internal energy consumption within the organization[11]			
	Unit of measurement	**2022**	**2021**
Consumption of non-renewable fuels	**GJ**	**8.766**	**3.300**
Methane gas	GJ	8.167	2.679
Automotive diesel fuel	GJ	595	619
Automotive gasoline	GJ	3	3
District heating	**GJ**	**621**	**584**
Purchased electricity	**GJ**	**9.476**	**4.961**
Of which from non-renewable sources	GJ	9.476	4.961
Of which from renewable sources	GJ	-	-
Self-generated electricity from photovoltaics	**GJ**	**292**	**298**
Of which sold into the network	GJ	-	2
Total energy consumption	**GJ**	**19.155**	**9.141**
Of which from renewable sources	GJ	292	296

DISCLOSURE 302-3 Energy Intensity

Energy intensity[12]			
	Unit of measurement	**2022**	**2021**
Energy intensity for total revenue	**GJ/ thousand**	**0,70**	**1,84**

[11] Following an improvement in the data collection process, those for the year 2021 have been restated from the data published in the Sustainability Brochure 2021.

[12] It should be noted that the energy intensity figure was calculated with respect to the Group's total revenues of 27,295 thousand euros in 2022 and 4,964 thousand euros in 2021. This change is mainly related to revenues from contracts with customers generated by existing contracts and, residually, from operating grants and plant grants, which are disbursed in the form of tax credits.

DISCLOSURE 305-1 Direct (Scope 1) GHG emissions and 305-2 Energy indirect (Scope 2) GHG Emissions.

CO emissions.$_2$			
	Unit of measurement	**2022**	**2021**
Scope 1 [13]	tCO e_2	454	181
Scope 2 (electricity, market-based)[14]	tCO_2	1.128	565
Scope 2 (electricity, location-based)[15]	tCO_2	791	399
Total (Scope 1 + Scope 2 market-based)	**tCO e_2**	**1.583**	**746**
Total (Scope 1 + Scope 2 location-based)	**tCO e_2**	**1.246**	**580**

DISCLOSURE 305-4 GHG emissions intensity.

Intensity of greenhouse gas (GHG) emissions.[16]			
	Unit of measurement	**2022**	**2021**
Intensity of emissions (Scope 1 + Scope 2 market-based) to total revenue	**tCO_2 e / thousands**	**0,06**	**0,15**
Intensity of emissions (Scope 1 + Scope 2 location-based) to total revenue	**tCO_2 e / thousands**	**0,05**	**0,12**

[13] Source of emission factors: DEFRA 2022 and DEFRA 2021

[14] Source of emission factors: AIB 2022 - European Residual Mixes 2021 (Ver. 1.0, 2022-05-31); AIB 2021 - European Residual Mixes 2020.

[15] Source of emission factors: Terna - International Comparisons 2019

[16] It should be noted that the emission intensity figure was calculated with respect to the Group's total revenues of 27,295 thousand euros in 2022 and 4,964 thousand euros in 2021. This change is mainly related to revenues from contracts with customers generated by existing contracts and, residually, from operating grants and plant grants, disbursed in the form of tax credits.

DISCLOSURE 303-3 Water Withdrawal.

Water withdrawal by source[17]					
		2022		2021	
Source	**Unit of measurement**	**All areas**	**Areas with water stress**	**All areas**	**Areas with water stress**
Third-party water (Fresh water: ≤1,000 mg/l total dissolved solids)	ML	6,58	5,84	3,40	2,03
Total water withdrawals[18]	**ML**	**6,58**	**5,84**	**3,40**	**2,03**

DISCLOSURE 306-3 Waste generated.[19]

Type of waste [ton]	2022			2021		
	Dangerous	**Non-hazardous**	**Total**	**Dangerous**	**Non-hazardous**	**Total**
150160 - Mixed Material Packaging.		15,40	**15,40**	-	16,76	**16,76**
180103 - solid infectious risk medical waste	6,30		**6,30**	7,15	-	**7,15**
180103 - liquid infectious risk medical waste	3,90		**3,90**	4,71	-	**4,71**
Total waste produced	**10,20**	**15,40**	**25,60**	**11,86**	**16,76**	**28,62**

[17] It should be noted that both of the Group's Italian factories, located in Montarioso and Rosia, are located in water-stressed areas and account for 89% of water withdrawals; the remainder of water withdrawals (11%) were in non-water-stressed areas.
[18] The figure for water withdrawn for the Group's Swiss headquarters, which is included in a condominium building, was estimated from the total expense value of the condominium, re-proportioned to the square meters of laboratory areas.
[19] The Group's total number of wastes does not include those produced by the Swiss site because, since they are only research laboratories, they are not significant. The value therefore includes the two Italian plants in Rosia and Montarioso.

DISCLOSURE 306-4 Waste diverted from disposal.

Disposal method [ton]	2022				2021			
	On site	At an external site	Total	%	On site	At an external site	Total	%
Hazardous Waste								
Recycling	-	-	-	-	-	-	-	-
Non-Hazardous Waste								
Recycling	-	15,40	15,40	100%	-	16,76	16,76	100%
Total	**-**	**15,40**	**15,40**	**100%**	**-**	**16,76**	**16,76**	**100%**

DISCLOSURE 306-5 Waste directed to disposal.

Disposal method [ton]	2022				2021			
	On site	At an external site	Total	%	On site	At an external site	Total	%
Hazardous Waste								
Incineration (without energy recovery)	-	10,20	10,20	100%	-	11,86	11,86	100%
Non-Hazardous Waste								
Landfill	-	-	-	-	-	-	-	-
Total	**-**	**10,20**	**10,20**	100%	**-**	**11,86**	**11,86**	100%

SOCIAL RESPONSIBILITY

DISCLOSURE 2-7 Employees[20]

Employees by gender and area geography						
Sites	**to December 31, 2022**			**to December 31, 2021**		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Italy (Philogen S.p.A.)	51	67	**118**	43	53	**96**
Switzerland (Philochem AG)	19	20	**39**	20	14	**34**
Total	**70**	**87**	**157**	**63**	**67**	**130**

Employees by contract type (permanent and fixed-term), by gender and geographic area							
Sites	**Contract type**	**to December 31, 2022**			**to December 31, 2021**		
		Men	**Women**	**Total**	**Men**	**Women**	**Total**
Italy (Philogen S.p.A.)	**Open-ended**	44	55	**99**	39	44	**83**
	Fixed-term	7	12	**19**	4	9	**13**
Switzerland (Philochem AG)	**Open-ended**	17	19	**36**	18	13	**31**
	Fixed-term	2	1	**3**	2	1	**3**
Total	**Open-ended**	**61**	**74**	**135**	**57**	**57**	**114**
	Fixed-term	**9**	**13**	**22**	**6**	**10**	**16**
Total		**70**	**87**	**157**	**63**	**67**	**130**

[20] Employee data show the total number of employees (HC) at the end of the reporting period; no estimates or approximations were used for these values.

Employees by contract type (full-time and part-time), by gender and geographic area							
Sites	**Contract type[21]**	**to December 31, 2022**			**to December 31, 2021**		
		Men	**Women**	**Total**	**Men**	**Women**	**Total**
Italy (Philogen S.p.A.)	**Full-time**	48	63	**111**	41	49	**90**
	Part-time	3	4	**7**	2	4	**6**
Switzerland (Philochem AG)	**Full-time**	19	19	**38**	20	12	**32**
	Part-time	-	1	**1**	-	2	**2**
Total	**Full-time**	**67**	**82**	**149**	**61**	**61**	**122**
	Part-time	**3**	**5**	**8**	**2**	**6**	**8**
Total		**70**	**87**	**157**	**63**	**67**	**130**

DISCLOSURE 2-8 Workers who are not employees[22]

Outside workers by occupational category and gender						
Professional category	**to December 31, 2022**			**to December 31, 2021**		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Interns	4	3	**7**			
Worker with CMO consulting contract	1	-	**1**	1	-	**1**
Total	**5**	**3**	**8**	**1**	**-**	**1**

DISCLOSURE 2-30 Collective Bargaining Agreements.

Percentage of total employees covered by collective bargaining agreements		
Number of employees	**to December 31, 2022**	**to December 31, 2021**
Total number of employees	157	130
Total number of employees covered by collective bargaining agreements[23]	118	96
Total percentage	**75%**	**74%**

[21] For fiscal years 2021 and 2022, there are no employees with non-guaranteed hours.

[22] Employee data show the total number of employees (HC) at the end of the reporting period; no estimates or approximations were used for these values.

[23] Philochem (Switzerland) employees are not covered by collective bargaining; however, employment contracts are consistent with the Federal Polytechnic Council's Ordinance on Personnel in the relevant industry.

DISCLOSURE 2-9 Governance structure and composition.[24]

Composition of the highest governing body								
Member name	**Charge**	**Executive/ Non-Executive**	**Independent**			**Date of first term**	**Genus**	**Competencies consistent with the impacts of the organization**
			TUF	**Code of Corporate Governance**	**Other documents**			
Duccio Neri	Chairman BoD.	executive	No	No	No	30.05.1997	M	Experience as a certified public accountant, specializing in corporate finance
Dario Neri	Chief Executive Officer	executive	No	No	No	21.04.2004	M	Chemistry graduate, decades of research experience and Professor of Biomacro Molecules in the Department of Chemistry and Applied Biosciences at ETH Zurich.
Giovanni Neri	Managing Director	executive	No	No	No	21.04.2004	M	Ph.D. in biotechnology.
Sergio Gianfranco Dompé	Administrator	non-executive	No	No	No	25.05.2010	M	Entrepreneur in the pharmaceutical and biotechnology industry.
Nathalie Dompé	Administrator	non-executive	No	No	No	26.04.2016	F	Degree in Business Administration, with experience as a management consultant and executive.
Leopoldo Zambeletti	Administrator	non-executive	No	No	No	07.05.2019	M	Business graduate with experience within Investment Banks.
Maria Giovanna Calloni	Administrator	non-executive	No	No	No	27.04.2022	F	Bachelor's degree in Business Administration and Master's degree in Business Administration with experience within investment banks and current member of board of directors of listed and unlisted companies
Roberto Ferraresi	Independent Administrator	non-executive	Yes	Yes	No	07.05.2019	M	Graduate in Finance and Administration, with experience within private equity firms.
Guido Guidi	Administrator	non-executive	No	No	No	07.05.2019	M	Medical graduate with experience in large groups in the pharmaceutical industry.
Marta Bavasso	Independent director	non-executive	Yes	Yes	No	16.12.2020	F	Lawyer, with experience within leading national and international law firms.

[24] It is specified that for all members the term of office corresponds to the date of the shareholders' meeting to approve the financial statements as of 12/31/2024, and that none of the Board members are members of underrepresented groups. It is also specified that members Duccio, Dario, and Giovanni Neri each hold another position within the Group (Director of Administration and Finance, Legal and Personnel, Building & Operations, Director of Research and Development, and Director of Licensing and Intellectual Property Rights, respectively).

DISCLOSURE 401-1 New employee hires and employee turnover.

New hires by age group, gender, and geographic area							
Sites	**Age group**	**to December 31, 2022**			**to December 31, 2021**		
		Men	**Women**	**Total**	**Men**	**Women**	**Total**
Italy (Philogen S.p.A.)	**<30 years old**	7	2	**9**	1	2	**3**
	30-50 years old	6	17	**23**	11	13	**24**
	>50 years old	2	1	**3**	5	-	**5**
Switzerland (Philochem AG)	**<30 years old**	3	6	**9**	5	7	**12**
	30-50 years old	1	-	**1**	-	-	**-**
	>50 years old	-	-	**-**	-	-	**-**
Total	**<30 years old**	**10**	**8**	**18**	**6**	**9**	**15**
	30-50 years old	**7**	**17**	**24**	**11**	**13**	**24**
	>50 years old	**2**	**1**	**3**	**5**	**-**	**5**
Total		**19**	**26**	**45**	**22**	**22**	**44**

Outputs by age group, gender, and geographic area							
Sites	**Age group**	**to December 31, 2022**			**to December 31, 2021**		
		Men	**Women**	**Total**	**Men**	**Women**	**Total**
Italy (Philogen S.p.A.)	**<30 years old**	1	-	**1**	-	-	**-**
	30-50 years old	5	5	**10**	3	4	**7**
	>50 years old	1	1	**2**	-	-	**-**
Switzerland (Philochem AG)	**<30 years old**	2	-	**2**	4	3	**7**
	30-50 years old	3	-	**3**	3	2	**5**
	>50 years old	-	-	**-**	-	-	**-**
Total	**<30 years old**	**3**	**-**	**3**	**4**	**3**	**7**
	30-50 years old	**8**	**5**	**13**	**6**	**6**	**12**
	>50 years old	**1**	**1**	**2**	**-**	**-**	**-**
Total		**12**	**6**	**18**	**10**	**9**	**19**

Rate of new hires and turnover by age group and geographic area					
Sites	**Age group**	**to December 31, 2022**		**to December 31, 2021**	
		Revenue	**Outputs**	**Revenue**	**Outputs**
Italy (Philogen S.p.A.)	**<30 years old**	53%	6%	33%	0%
	30-50 years old	29%	13%	34%	10%
	>50 years old	13%	9%	29%	0%
Switzerland (Philochem AG)	**<30 years old**	50%	11%	80%	47%
	30-50 years old	5%	15%	0%	28%
	>50 years old	0%	0%	0%	0%
Total	**<30 years old**	**51%**	**9%**	**63%**	**29%**
	30-50 years old	**24%**	**13%**	**27%**	**14%**
	>50 years old	**13%**	**8%**	**28%**	**0%**
Total		**29%**	**11%**	**34%**	**15%**

Rate of new hires and turnover by gender and geographic area					
Sites	**Age group**	**to December 31, 2022**		**to December 31, 2021**	
		Revenue	**Outputs**	**Revenue**	**Outputs**
Italy (Philogen S.p.A.)	**Men**	37%	14%	40%	7%
	Women	25%	9%	28%	8%
Switzerland (Philochem AG)	**Men**	21%	26%	25%	35%
	Women	30%	0%	50%	36%
Total	**Men**	**27%**	**17%**	**35%**	**16%**
	Women	**30%**	**7%**	**33%**	**13%**
Total		**29%**	**11%**	**34%**	**15%**

DISCLOSURE 404-1 Average hours of annual training per employee.

Hours of training by occupational category and gender[25]						
Hours of training	**As of December 31, 2022**					
	N. Hours Men	**No. hours per capita men**	**N. Hours Women**	**No. hours per capita women**	**N. Total Hours**	**No. hours per capita Total**
Executives	-	0,0	-	0,0	-	0,0
Squares	92	9,2	73	12,2	165	10,3
Employees	250	6,0	373	5,4	623	5,6
Workers	43	3,1	60	6,7	103	4,5
Total	**385**	**6**	**506**	**5,8**	**891**	**6**
Hours of training	**As of December 31, 2021**					
	N. Hours Men	**No. hours per capita men**	**N. Hours Women**	**No. hours per capita women**	**N. Total Hours**	**No. hours per capita Total**
Executives	7	1,8	26	13	33	5,5
Squares	7	0,5	12	2,4	19	1,1
Employees	8	0,2	136	2,6	144	1,6
Workers	8	0,9	-	0	8	0,5
Total	**30**	**0,5**	**174**	**3**	**204**	**2**

[25] The figure for training hours does not include health and safety training hours because information broken down by professional category and gender is not available. The Group considers further analysis with respect to the significance of safety training hours in order to optimize data collection in collaboration with the Group's RSPP.

DISCLOSURE 405-1 Diversity of governance bodies and employees.

Composition (%) of the Board of Directors by gender.				
	to December 31, 2022		to December 31, 2021	
	Men	Women	Men	Women
Board Members.	70%	30%	80%	20%

Composition (%) of the Board of Directors by age group.						
	to December 31, 2022			to December 31, 2021		
	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old
Board Members.	0%	20%	80%	0%	20%	80%

Employees by job category and age group								
Professional category	to December 31, 2022				to December 31, 2021			
	<30 years old	30-50 years old	>50 years old	Tot	<30 years old	30-50 years old	>50 years old	Tot
Executives	0%	14%	86%	**4%**	0%	0%	100 %	**5%**
Squares	0%	69%	31%	**10%**	0%	78%	22%	**14%**
Employees	23%	68%	9%	**71%**	22%	72%	6%	**68%**
Workers	39%	48%	13%	**15%**	24%	59%	18%	**13%**
Total	**22%**	**62%**	**15%**	**100%**	**18%**	**68%**	**14%**	**100%**

Employees by occupational category and gender						
Professional category	to December 31, 2022			to December 31, 2021		
	Men	Women	Tot	Men	Women	Tot
Executives	57%	43%	**4%**	67%	33%	**5%**
Squares	63%	38%	**10%**	72%	28%	**14%**
Employees	38%	62%	**71%**	42%	58%	**68%**
Workers	61%	39%	**15%**	53%	47%	**13%**
Total	**45%**	**55%**	**100%**	**48%**	**52%**	**100%**

GRI Table of Contents

Statement of Use	Philogen has submitted reporting in accordance with GRI Standards for the period from January 1, 2022 to December 31, 2022
Using GRI 1	GRI 1 - Fundamental Principles - version 2021
Relevant GRI industry standard	N.A.

GRI STANDARD	INFORMATIVE	LOCATION	OMISSION		
			OMITTED REQUIREMENTS	REASON	EXPLANATION
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	Page 8; Please refer to the Annual Financial Report 2022, which can be found at: www.Philogen.com			
	2-2 Entities included in the organization's sustainability reporting	Page 5 Please refer to the Annual Financial Report 2022, which can be found at: www.Philogen.com			
	2-3 Reporting period, frequency and contact point	Page 5			
	2-4 Restatement of information	Page 51			
	2-5 External Assurance	Page 5			
	2-6 Activities, value chain and other business relationships	pp. 8-9; 29-32; 35-36			
	2-7 Employees	Pg. 38; 55-56			

	2-8 Workers who are not employees	Pg. 38; 56			
	2-9 Governance structure and composition	pp. 10-12; 57 Please refer to the Annual Report on Corporate Governance and Ownership Structure - FY 2022, available at: www.Philogen.com			
	2-10 Nomination and selection of the highest governance body	Pg. 10-11 Please refer to the Annual Report on Corporate Governance and Ownership Structure - FY 2022, available at: www.Philogen.com			
	2-11 Chair of the highest governance body	Page 11 Please refer to the Annual Report on Corporate Governance and Ownership Structure - FY 2022, available at: www.Philogen.com			
	2-12 Role of the highest governance body in overseeing the management of impacts	Pg. 11-12 Please refer to the Annual Report on Corporate Governance and Ownership Structure - FY 2022, available at: www.Philogen.com			
	2-13 Delegation of responsibility for managing impacts	Page 12 Please refer to the Annual Report on Corporate			

		Governance and Ownership Structure - FY 2022, available at: www.Philogen.com			
	2-14 Role of the highest governing body in sustainability reporting	Pg. 11-12 Please refer to the Annual Report on Corporate Governance and Ownership Structure - FY 2022, available at: www.Philogen.com			
	2-15 Conflicts of Interest	Page 11 Please refer to the Annual Report on Corporate Governance and Ownership Structure - FY 2022, available at: www.Philogen.com			
	2-16 Communication of critical concerns	Page 12 Please refer to the Annual Report on Corporate Governance and Ownership Structure - FY 2022, available at: www.Philogen.com			
	2-17 Collective knowledge of the highest governance body	Page 12 Please refer to the Annual Report on Corporate Governance and Ownership Structure - FY 2022, available at: www.Philogen.com			

	2-18 Evaluation of the performance of the highest governance body	Page 13 Please refer to the Annual Report on Corporate Governance and Ownership Structure - FY 2022, available at: www.Philogen.com			
	2-19 Remuneration policies	Pg. 13-14 Please refer to the Remuneration Policy and Compensation Report FY2022, which can be found at: www.Philogen.com			
	2-20 Process to determine remuneration	Pg. 13-14 Please refer to the Remuneration Policy and Compensation Report FY2022, which can be found at: www.Philogen.com			
	2-21 Annual total compensation ratio	Page 14 Please refer to the Remuneration Policy and Compensation Report FY2022, which can be found at: www.Philogen.com	b. ratio of the percentage increase in total annual salary of the person receiving the highest pay and the median of the percentage increase in the Total annual salary of all employees	Information not available	Data on median payroll 2021 not available. The Company will report the information in the next fiscal year.

			(excluding the above person)		
	2-22 Sustainable development strategy statement	Page 3-4			
	2-23 Policy Commitment	pp. 14-16; 19			
	2-24 Integration of policy commitments.	Pg. 14-16			
	2-25 Processes to remedy negative impacts.	Pg. 15; 23			
	2-26 Mechanisms for seeking advice and raising concerns	Page 15-16			
	2-27 Compliance with laws and regulations	Page 16			
	2-28 Membership in associations	Page 9			
	2-29 Approach to stakeholder engagement	Page 24-27			
	2-30 Collective bargaining agreements	Page 56			
Material themes					
GRI 3: Material Themes.	3-1 Process to determine material topics	Page 24-25			
	3-2 List of material themes	Page 26-27			
Economic performance and value distribution					
GRI 3: Material Themes 2021	3-3 Management of material topics	pp. 16-21; 35-36			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 17-19			
GRI 204: 2016 Procurement Practices.	204-1 Proportion of spending to local suppliers.	Page 36			
GRI 207: Taxes (2019)	207-1 Approach to tax	Pg. 19-21			

	207-2 Fiscal governance, control and risk management	Pg. 19-21			
	207-3 Stakeholder engagement and management of concerns related to tax	Pg. 19-21			
	207-4 Country-by-country reporting	Page 21			
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GRI 3: Material Themes 2021	3-3 Management of material issues	Pg. 14-16			
GRI 205: Anti-Corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Page 16			
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Page 16			
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GRI 3: Material Themes 2021	3-3 Management of material issues	Page 46-48			
GRI 302: Energy 2016	302-1 Energy consumption within the Organization.	Page 51			
	302-3 Energy Intensity	Page 51			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions.	Page 52			
	305-2 Energy indirect (Scope 2) GHG emissions	Page 52			
	305-4 GHG emissions intensity	Page 52			
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GRI 3: Material Themes 2021	3-3 Management of material issues	Page 49-50			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 49			

	306-2 Management of significant waste-related impacts.	Page 49			
	306-3 Waste generated	Page 53			
	306-4 Waste not intended for disposal.	Page 54			
	306-5 Waste directed for disposal	Page 54			
Contribution to public health					
GRI 3: Material Themes 2021	3-3 Management of material issues	Pg. 8; 32			
Local communities					
GRI 3: Material Themes 2021	3-3 Management of material issues	Page 44			
Inclusiveness in experimentation pathways					
GRI 3: Material Themes 2021	3-3 Management of material issues	Page 31-32			
Attraction, development and retention of workers					
GRI 3: Material Themes 2021	3-3 Management of material issues	Page 38-40			
GRI 401: Employment (2016)	401-1 New employee hires and employee turnover	Page 58-59			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employee	Pg. 13-14			
GRI 404: Training and Education (2016)	404-1 Average hours of training per year per employee	Page 60			
Worker health and safety					
GRI 3: Material Themes 2021	3-3 Topic Management	Page 42-43			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 42-43			
	403-2 Hazard identification, risk assessment and accident investigation	Page 42-43			

	403-3 Occupational health services	Page 42-43			
	403-4 Worker participation and consultation and communication on occupational health and safety	Page 42-43			
	403-5 Worker training in occupational health and safety.	Page 42-43			
	403-6 Promotion of worker health	Page 42-43			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 42-43			
	403-9 Work-related injuries	Page 43			
Diversity and equal opportunity					
GRI 3: Material Themes 2021	3-3 Management of material issues	Page 40-41			
GRI 405: Diversity and Equal Opportunity (2016)	405-1 Diversity in governing bodies and among employees	Page 61			
GRI 406: Non-Discrimination (2016)	406-1 Incidents of discrimination and corrective actions taken	Page 41			
Patient health and safety					
GRI 3: Material Themes 2021	3-3 Management of material issues	Page 31-32			
GRI 416: Customer Health and Safety (2016)	416-1 Assessment of the health and safety impacts of product and service categories	Page 35			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Page 35			

GRI 417: Marketing and labeling.	417-2 Requirements for product and service information and labeling	Page 35			
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GRI 3: Material Themes 2021	3-3 Management of material issues	Page 32			
GRI 418: Customer Privacy (2016)	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 32			