SUSTAINABILITY REPORT 2023

COURTESY ENGLISH TRANSLATION

Philogen
innovating targeting

Index

Letter to Stakeholders

Dear Shareholders and Stakeholders,

2023 was a year marked by various events at the international level that negatively affected the world economy, such as, in particular, (i) the continuing war in Ukraine and the beginning of a new conflict in Israel that are causing repercussions and negative effects on the energy and commodities (gas/oil) market, and (ii) "climate change" manifested by abnormal heat waves, droughts, and floods, which contribute to increased social and economic instability.

Against this complex backdrop, Philogen has become even more focused on pursuing its "core business," focusing on research, testing, and innovative product development activities for those diseases where satisfactory therapies have not yet been found.

All of this has been made possible by the Group's structure, which has further strengthened its vertical integration in this past year, capable of covering all phases of drug development, starting from research, going through GMP production, and ending with the production of therapeutic proteins for both clinical trials and commercial purposes.

Ours is a well-established reality for more than 28 years that experiences the strong synergy between the site in Zurich (Switzerland), where we carry out research and development at the highest level, and the GMP production sites authorized by AIFA located in Montarioso and Rosia (in the province of Siena).

Both plants, in Rosia and Montarioso, have received GMP authorization from the Italian Medicines Agency ("AIFA"). Specifically, the Rosia site has obtained authorization for both commercial production of drugs intended for the market and drugs intended for clinical trials, while the Montarioso plant is authorized only for the production of experimental drugs intended for clinical trials.

This is one of the many challenges we have overcome that has shown, once again, the value of our internal resources and the importance of firmly believing in what we do every day. We have been able to achieve all this, thanks to our diversified pipeline and the conduct of Phase II and III registration studies, including the product Nidlegy™ (studied and tested for the treatment of melanoma and other non-melanoma skin cancers), for which the achievement of the primary endpoint in October 2023 has been announced to the market.

Driving the evolution of our industry and continuing to be recognized as a benchmark, including at the global level, are the targets we aim for. This is possible through the increasingly direct involvement of Stakeholders, community, territory and collaborations with companies, industry players and international excellences 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 (IRB), IBSA, Bracco Imaging and Google.

In light of the recent regulatory and market requirements, which have arisen as a result of the Company's listing, the process of integrating sustainability principles into the Group's growth strategy has been deepened and strengthened through the implementation of various activities that we have reported in the 2023 Sustainability Report, where you can analyze them organically and comprehensively.

In fact, the Group has embarked on a structured and organic path of reporting on sustainability issues in order to transparently communicate its sustainability performance and annual achievements to Stakeholders.

Consistent with the GRI Standards, during 2023, Philogen carried out and updated its materiality analysis in order to identify its significant impacts on the economy, environment, and people, as well as delve into the needs and expectations of its Stakeholders, directly involving them through an online survey in identifying the Group's material impacts.

The commitment to sustainable development is also reaffirmed in the 2023-2024 Remuneration Policy approved by the Shareholders' Meeting on April 28, 2023, in which the Board of Directors included and assigned certain ESG-related goals in the annual Management By Objectives ("MBO") variable incentive plans.

In addition, in light of commitments at the international and European level, such as the 2015 Paris Agreement and the European Climate Act, as well as numerous interventions by the regulator in recent years, the Group 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 its business activities.

The positive results and ambitious future goals are the result of the contributions of the 165 employees/collaborators of the Philogen Group, who work daily with competence, responsibility, dedication and commitment.

We would like to express our heartfelt thanks to all those who enrich and contribute to the Group's mission by engaging in the pursuit of the company's vision; thanks are also due to our shareholders, Stakeholders and members of the Board of Directors, particularly its endoconsiliar committees, and the Board of Statutory Auditors for their support and contributions that have proved instrumental to the Group's sustainable growth.

Siena, March 27, 2024

Duccio Neri
Executive Chairman
Philogen S.p.A.

Dario Neri
Chief Executive Officer
Philogen S.p.A.

Highlights 2023

The following are some key *highlights* on the sustainability results and performance that were achieved during 2023 by the Philogen Group.

From research to drug

In 2023 Philogen:

- **Collaborated with 79 clinical centers** (**11** in **Italy**, **68** between **Europe** and the **U.S.**)
- **Treated 362 patients**

The Group over the years has **collabored with** more than **140 clinical centers worldwide** and enrolled **1,364**
Patients in the various studies

It should be noted that the Group operates in accordance with current regulations and is guided by industry principles, including:

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 strictly impossible to do otherwise, and always with a view to minimizing the number of animals involved in experimentation.

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

The Group protects the results of research and development activities by making use of a large international portfolio of patents for inventions for industrial use and pending patent applications, consolidating a patent position in the field of vascular *targeting.*

December 31, 2023,

- **Philogen SpA** holds:
  - **139** patents granted/applications accepted and
  - **61** patent applications*
- **Philochem AG** holds:
  - **18** patents granted/applications accepted and
  - **32** patent applications*

* Patent Cooperation Treaty (PCT) is also considered in the count.
- 157 states participating in the treaty to date.

Economic performance

Determining the economic value directly generated and distributed represents a central element for the Philogen Group, through which it can express and concretize, in monetary terms, the wealth produced and distributed in the territory and thus to its *Stakeholders*.

The amount of **economic value generated** expresses the value of wealth produced, Consistent with international reference standards

In 2023, the Group generated a value of **27.9 million euros**, up **23 percent from** the previous year's value (**22.7 million euros**)

The **economic value distribution** of **30.5 million** **in 2023** represents the preeminent impact of the Group's activities for the benefit of the main *Stakeholder* categories, of which **operating costs**, **employee wages and benefits**, **payments to the public administration** and **capital suppliers**

The Group's activities encompass all stages of the drug development process, including discovery, basic research, preclinical, clinical development, and manufacturing activities. To date, research and development is the Group's main activity.

Research and development costs recognized in the income statement increased from the previous year. Specifically, these costs amounted to **20.8 million** as of **December 31, 2023** compared to To the **16.1 million** as of **Dec. 31, 202**

Below are the relative incidences:

- **Incidence on total contract revenue** of **90.1%** in **2023** and **68.0%** in **2022**
- **Impact on total operating costs** of **68.7 percent** in **2023** and **66.4 percent** in **2022**

Social responsibility

Constant investment in people's professional and human progress is the basis of the Philogen Group's key figure *retention* strategy.

Human Resources

In 2023 Philogen:

- **employed 165 employees**, including:
  - **58%** women
  - **89%** permanent contract
  - **35** hires in 2023

The **number of** Group **employees grew by 5 percent** from the previous year

Qualifications

Personnel hired during the year ended December 31, 2023 were as follows. Highly qualified, being composed for the:

- **59%** from **Graduates**
- **15%** from **PhDs**

Training

The Group has implemented several training courses for its employees in the course of 2023 reaching **900 total hours**, of which:

- **774 hours of** training related to courses in technical fields
- **126.5 hours** in health and safety

Environmental Responsibility

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 numerous interventions by *regulators* 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.

Energy and emissions

In 2023, the Group consumed:

- **21,033 GJ of energy** with a 10 percent growth over 2022 due to the startup of the new GMP plant at the Rosia site
- **1.56 percent renewable energy**

Energy intensity

Energy intensity expresses the energy required to generate the Group's revenues

In 2023, energy intensity is **0.75 GJ/thousand,** which corresponds to the **ratio** of **total energy consumption** (all sources) to the **Group's revenues** (which are mainly derived from revenues from contracts with customers).

The Group **reduced its energy intensity by 11%** compared with the previous year (**0.84 GJ/thousand**)

Methodological note

This document constitutes the second 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 Sustainability Brochure 2021 and the Sustainability Report 2022 and is intended 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 to 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 *reporting* 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 own 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.

Reporting period

The Annual Report (hereinafter also "Report") contains information, initiatives, and data for fiscal year 2023 (January 1, 2023 to December 31, 2023). The reporting period is the same as that considered in the Philogen Group Consolidated Financial Statements.

Reporting perimeter

The scope of data and information corresponds to that of the Group's Annual Financial Report as of December 31, 2023[1] .

In order to allow a comparison between the data collected over time and the evaluation of the Group's business performance, the year 2022 was taken as the comparison period.

In addition, 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.

The reporting standards

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 data collection process and the structure of the Sustainability Report

The process of collecting data and information for FY2023 involved the "ESG Working Group" and some identified business functions.

Data were calculated in a timely manner based on the findings of general accounting and other information systems used.

[1] For more details on the scope of consolidation, please refer to Note No. 32 "Principal Accounting Policies" of the Group's Annual Financial Report as of December 31, 2023 in the "Consolidation Criteria" section.

The *disclosure* is made according to a materiality analysis. The topics covered in the Sustainability Report 2023, in fact, are those considered "material" (relevant) as they are able to reflect the environmental, social and economic impacts of the activities and sectors in which the Group operates or influence the decisions of its *Stakeholders*.

These material ESG aspects were identified by conducting a materiality analysis structured according to the approach described in the "Group *Stakeholders* and Materiality Analysis" section of the Report.

The Report is divided into four main Chapters:

1. The Philogen Group
2. From research to drug
3. Social responsibility
4. Environmental responsibility

These Chapters are preceded in the initial part of the Report by the Letter to *Stakeholders* and the following Sections: *Highlights* 2023 and this Methodological Note.

The Budget was approved by the Board of Directors at its meeting on March 27, 2024.

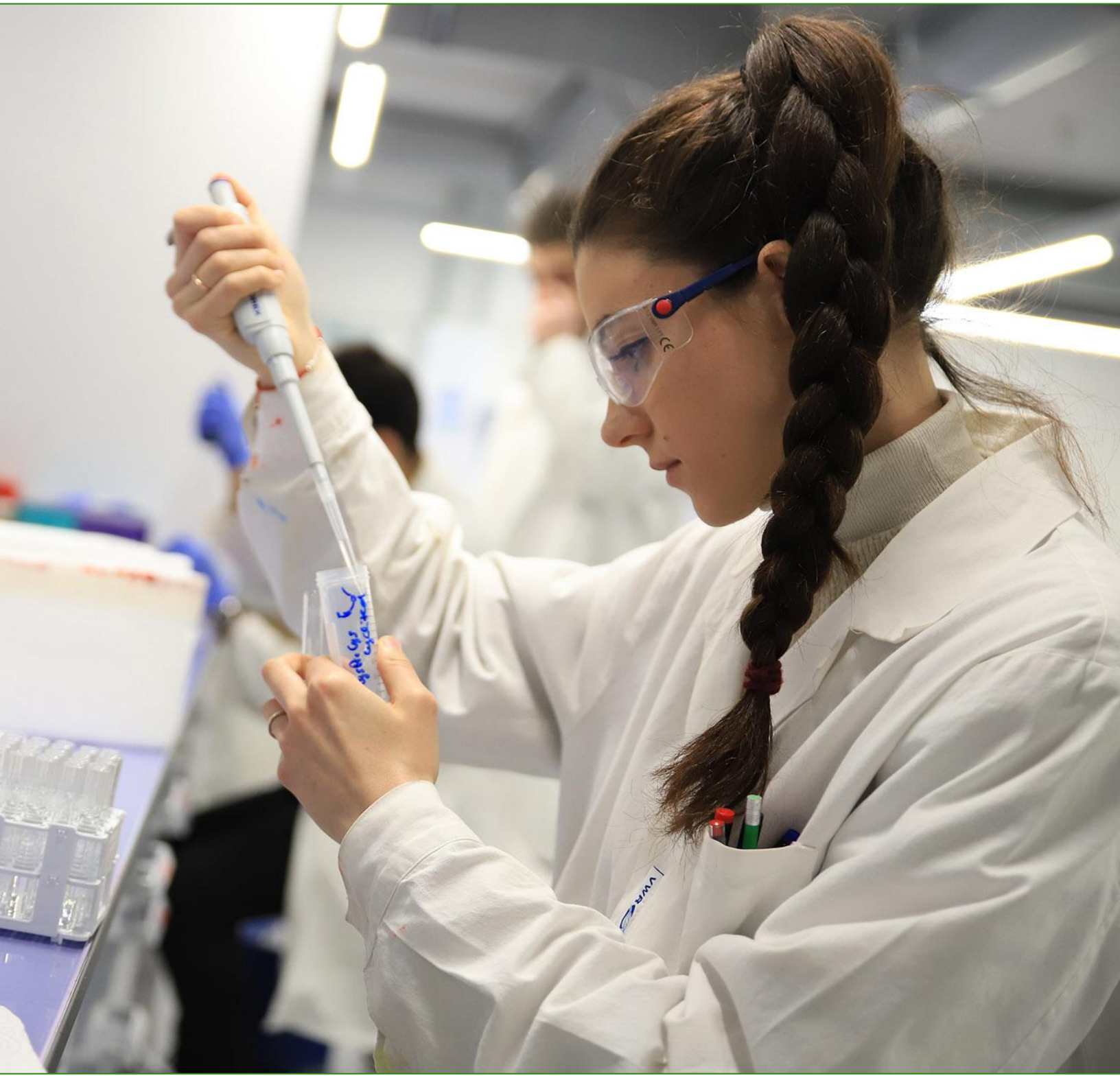
Please note that this Sustainability Report has not been subjected to external *assurance.*

****

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



1. The Philogen Group

1.1 History

Philogen S.p.A. ("Philogen" or the "Company") was founded in 1996 by the insight and will of the three Neri brothers and is the head of an Italian-Swiss Group with headquarters in Siena, Italy.

Figure 1 - The Philogen Group

Philogen Group S.p.A. ("Group") was listed on the Electronic Stock Market ("EXM") operated by Borsa Italiana (Reuters: PHIL) on March 3, 2021 and is active in the biotechnology sector, specializing in the discovery and development of biopharmaceutical products for the treatment of highly lethal diseases.

Figure 2 - First day of listing, March 2021

In particular, the Group is a *leader* in identifying ligands (human monoclonal antibodies and small organic 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 ingredient (e.g., cytokines, radionuclides, cytotoxics) selectively to the diseased area. The Group's focus is primarily related to oncology drug development, although the company has also brought products for the treatment of chronic inflammatory diseases to the clinic.

In recent years, Philogen has consolidated and expanded its *Pipeline*, both by bringing new drugs into the clinic and by initiating experimental studies in new indications with products already in development.

Currently, the Group holds a diversified Pipeline by conducting numerous Phase II and III registration studies. In particular, Nidlegy™ and Fibromun are the subject of international Phase III clinical trials.

The Company announced on October 16, 2023, in a separate press release that the Phase III study in melanoma of Nidlegy™ has positively met the primary *endpoint* ("*endpoint"*) of the study and is currently in the process of preparing the documentation aimed at submitting the authorization *dossier to* the European Medicines Agency (EMA) for marketing authorization (MA).

In addition, in May 2023, the Philogen Group entered into a licensing agreement with Sun Pharma France SAS Company ("SunPharma") to market the Nidlegy™ product in Europe, Australia and New Zealand.

In addition, the 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.

As a result, the Group has developed close collaborative relationships over the years with leading pharmaceutical companies and industry players 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 (IRB), IBSA, Google, Bracco Imaging. Below are some collaborations over the years.

Figure 3 - Collaborations

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

Figure 4 - Collaborations with industry associations

1.2 The structure of the Group

The Group has the availability of a research and development facility in Zurich (through its subsidiary Philochem AG), where new experimental drugs are discovered.

The most promising prototypes (in terms of biochemical characteristics, safety, and efficacy based on preclinical tumor models) are subsequently transferred to Siena where they are produced at the company's GMP (*Good Manufacturing Practice*) facilities.

Philogen has a GMP facility in Montarioso (Siena, Italy) approved by the Italian Medicines Agency (AIFA) for the production of experimental, antibody drugs in mammalian cells.

A second GMP production facility was also built at the Rosia site aimed at producing both commercial drugs and clinical trials.

This new facility received certification from AIFA's GMP MED office in 2023. The certification is valid in Europe, the United States, Switzerland, England, Canada, Japan, Australia, New Zealand, and Israel (*see Mutual Recognition Agreements of the European Medicines Agency).*

The Rosia site, thus authorized by AIFA, will be able to produce therapeutic proteins for both clinical trials and commercial purposes.

In fact, this important innovation will ensure that the Group will be able to produce drugs not only for experimental purposes, but also for the market, representing a fundamental step for the Company and the entire Group to transform from a research company to a commercial company (from *biotech company* to *product company*).

The depiction below shows the three main phases in the history of the Philogen Group from 1996 to 2023, along with their relative achievements.

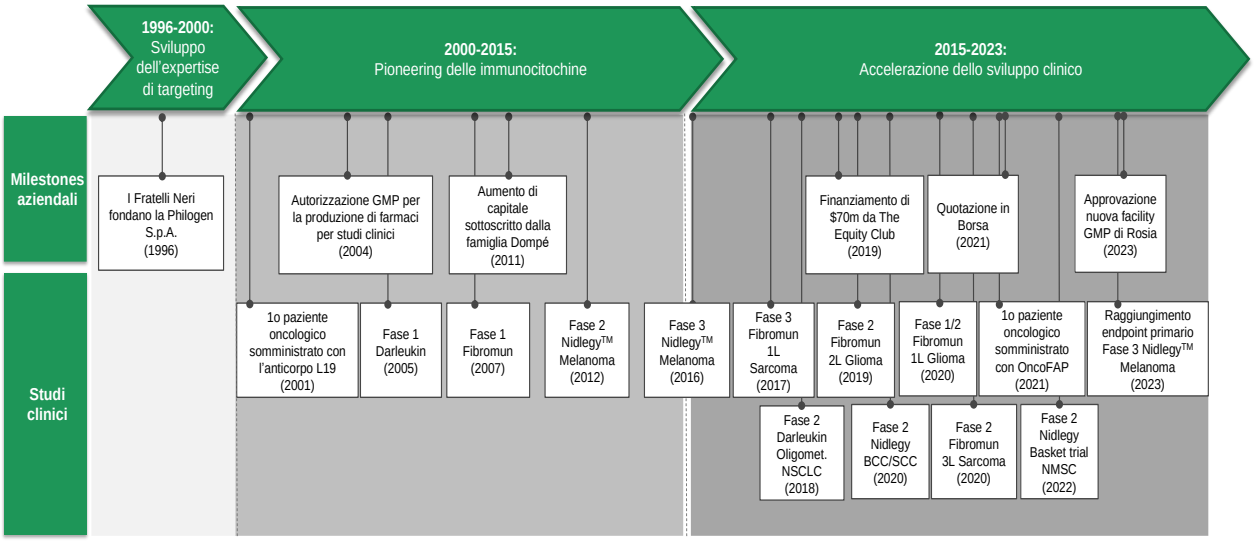


Figure 5 - The different stages of the Group's history

Note: 1L first-line treatment (i.e., newly diagnosed patients); 3L third-line treatment (i.e., patients who have failed 2 lines of therapies); Oligomet. NSCLC: oligometastatic non-small cell lung cancer; NMSC: non-melanoma skin cancer

1.3 The Group's goals and strategy

The Group's goal is to research, test and produce innovative products with reference to areas for which medical science has not yet identified satisfactory therapies.

Philogen is a biotechnology company with strong vertical integration, as it covers all phases of drug development, including research, GMP manufacturing, and clinical development.

In addition to the research site in Zurich, and the GMP site based in Montarioso (Siena), the Group has expanded its production capabilities through the construction of a new GMP plant in Rosia (Siena) to serve future product marketing.

The new plant received certification from AIFA's GMP MED office in 2023.

Data	Organismo Regolatorio	Focus dell'ispezione
07/2023	AIFA (DP)	Attivazione officina di produzione di farmaci sterili preparati in asepsi per uso «**Commerciale**»
07/2023	AIFA (DP)	Autorizzazione per la produzione di farmaci sterili preparati in asepsi per uso «**Sperimentale**»
10/2023	AIFA (API)	Autorizzazione relativa alla produzione/importazione di sostanze attive per l'officina farmaceutica per uso «**Commerciale**»

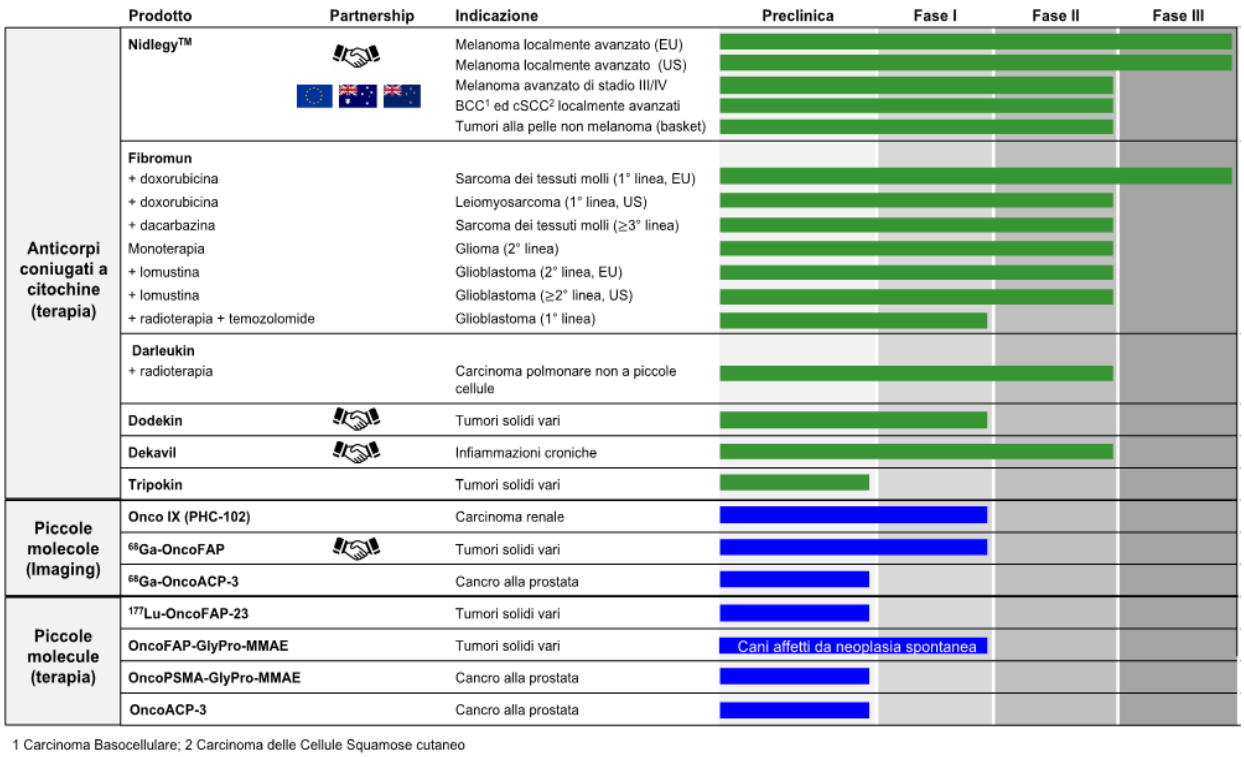
Figure 6 - Certification by AIFA

1.4 The Group's pipeline

In recent years, the Philogen Group has consolidated and expanded its *Pipeline* both by bringing new investigational drugs into the clinical phase and by initiating new experimental studies for new indications.

The Group's product portfolio consists of (i) antibody-based products and small organic molecules that are in various stages of clinical development, and (ii) various preclinical programs critical to the Group's continued innovation in the future.

With the exception of Nidlegy™ (for the treatment of skin cancer in Europe, Australia, and New Zealand), Dodekin, Dekavil, and OncoFAP-diagnostic for which certain rights have been granted to third parties, all other products are in the full availability of the Group (see reference "Partnership" in the figure below).



1 Carcinoma Basocellulare; 2 Carcinoma delle Cellule Squamose cutaneo

Figure 7 - Products, partnerships, and indications

1.5 Intellectual property

The Group protects the results of research and development activities by making use of a large international portfolio of patents for inventions for industrial use and pending patent applications, consolidating a patent position in the field of vascular *targeting.*

The function of patents and patent applications is to protect market exclusivity for product candidates, the technical processes required for their production, or related protocols for medical treatment.

The Group owns or exclusively licenses more than one hundred national patents filed in different countries.

The Group's patents mainly include (i) patents on "vascular *targets*," relating to certain ligands with affinity for *markers of* angiogenesis in certain indications; (ii) "technology" patents relating to key enabling

technologies used in the Group's activities; (iii) "product" patents, that is, patents relating to product candidates for preclinical and clinical development and their constituent elements; and (iv) "combination" patents relating to the combination of patented product candidates with off-patent therapeutic agents.

December 31, 2023,

- **Philogen SpA** holds:
  - **139** patents granted/applications accepted and
  - **61** patent applications*
- **Philochem AG** holds:
  - **18** patents granted/applications accepted and
  - **32** patent applications*

* Patent Cooperation Treaty (PCT) is also considered in the count.
- 157 states participating in the treaty to date.

1.6 Group *Stakeholders* and Materiality Analysis

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 constant, thorough and systematic. This has led to the implementation of several activities.

Categories ESG actions

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 revised where it was deemed appropriate, from an ESG perspective, to strengthen efforts and improve management.

Specifically, also in light of the expectations of the market and regulators, a list of actions to be taken has been prepared.

This analysis was subsequently shared by the Company with the Audit 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 shares were divided into three categories: (i) "short" term shares, (ii) "medium" term shares, and (iii) "long" term shares.

(i) The "short-term" actions.

The first category (i) 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 listed below: the appointment of the ESG Working Group, the creation of the "*Sustainability*" section on the company *website*, and periodic information to investors and *Stakeholders* regarding ESG issues within *webinars*.

(ii) The "medium" term actions.

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

(iii) The long-term actions.

Long-term implementable actions (iii) 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 some certifications such as SA8000, ISO 37001, ISO 45001 and the possible extension of ISO 9001 also to the Montarioso plant and the new GMP in Rosia that, however, are *compliant with* the *standards* required by AIFA.

The materiality analysis

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.

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

During 2023, the materiality analysis was updated and revised with a special focus on enhancing relations with *Stakeholders by* directly involving them in the identification of the Group's material impacts (*"Stakeholder engagement"*).

Specifically, the materiality analysis, implemented during 2022 and updated in 2023, 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[2] . 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. Assessment of impacts through the involvement of *top management* as well as *Stakeholders* deemed most significant (suppliers and employees);
4. Prioritization of impacts and aggregation into material themes.

[2] 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.

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:

Figure 8 - Stakeholder Categories

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.

Regarding the year 2022, the Company's *management* and the ESG Working Group held a dedicated "materiality *workshop" in* December 2022, where they assessed the significance of the sustainability impacts previously identified.

During 2023, on the other hand, the analysis of impacts was also conducted with the direct involvement of *Stakeholders*, in order to collect and map their expectations, perceptions and priorities on the impacts generated by the Philogen Group with reference to sustainability issues. An *online survey was* then conducted, whose participation was significant, with a response rate of 95 percent (38 total responses out of a sample of 40 stakeholders involved).

La survey si è svolta dal 22 novembre 2023 al 1° dicembre 2023 attraverso una **specifica piattaforma online** (Google Moduli) che ha permesso di raccogliere i risultati degli stakeholder e di mappare le loro percezioni rispetto alla rilevanza degli impatti per il Gruppo Philogen.

Di seguito si riportano le categorie di stakeholder coinvolte attraverso la survey e la numerosità del campione.

Categoria di stakeholder	Campione	Risposte	% di risposta
Dipendenti	30	28	93%
Fornitori	10	10	100%
TOTALE	**40**	**38**	**95%**

Figure 9 - Stakeholders involved through the survey

The significance of each impact was then assessed by the Company and the two categories of *Stakeholders* involved (suppliers and employees), considering the scale, scope and likelihood of the individual impacts. Following the collected assessments, the impacts were then prioritized and, those found to be most significant, were aggregated into material issues.

Compared to the previous year's materiality analysis (year 2022), the topic "Responsible Supply Chain Management" was found to be material as the related impacts were deemed significant by the *Stakeholders* involved.

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 2023				
Material theme	**Impacts generated**	**Nature of Impacts (Outcome)**	**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

Results Materiality Analysis 2023				
Material theme	**Impacts generated**	**Nature of Impacts (Outcome)**	**Group involvement**	**Perimeter**
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
Attracting, developing and retaining 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[3]
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	Breach of *privacy*, loss of patient data, and *cybersecurity*	Negative	Caused by the Group and directly related to business relationships	Group and Clinical Centers
Local communities	Local development and community relations	Positive	-	Group
Diversity and Equal Opportunity (DEI)	Discrimination and non-inclusive practices in the workplace	Negative	Caused by the Group	Group
	Energy consumption	Negative	Caused by the Group	Group

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

Results Materiality Analysis 2023				
Material theme	**Impacts generated**	**Nature of Impacts (Outcome)**	**Group involvement**	**Perimeter**
Energy consumption and emissions	Generation of direct and indirect energy GHG emissions (*Scope* 1 and 2)	Negative	Caused by the Group	Group
Responsible supply chain management	Human rights violations in the supply chain	Negative	Caused by the Group and directly related to business relationships	Group
	Inadequate working conditions and remuneration among suppliers	Negative	Caused by the Group and directly related to business relationships	Group

1.7 *Governance* Structure

The Group's governance structure follows the traditional model by providing among the corporate bodies: the Shareholders' Meeting ("Shareholders' Meeting"), the Board of Directors ("BoD"), and the Board of Statutory Auditors ("CS") in addition to the company in charge of the statutory audit ("Auditor" or "Auditing Company").

In line with the *corporate governance* recommendations contained in the *Corporate Governance* Code of Borsa Italiana, the Board of Directors, in December 2020, resolved to establish the following endoconsiliar committees, the members of which were confirmed at the Shareholders' Meeting on April 27, 2022, and did not change during 2023.

The endoconsiliar committees are:

- the Control, Risk and Sustainability Committee ("CCRS"), which also performs the functions of the Related Party Transactions Committee;
- The Nomination and Remuneration Committee ("COREM").

Rounding out the *governance* organization chart are also:

- the Internal Audit ("IA") function, with the task of verifying that the internal control and risk management system is functioning, adequate, and consistent with the guidelines set by the Board of Directors;
- the single-member Supervisory Board ("SB"), which verifies the efficiency and effectiveness of the 231 Model with respect to the prevention and commission of the crimes set forth in Legislative Decree 231/2001.

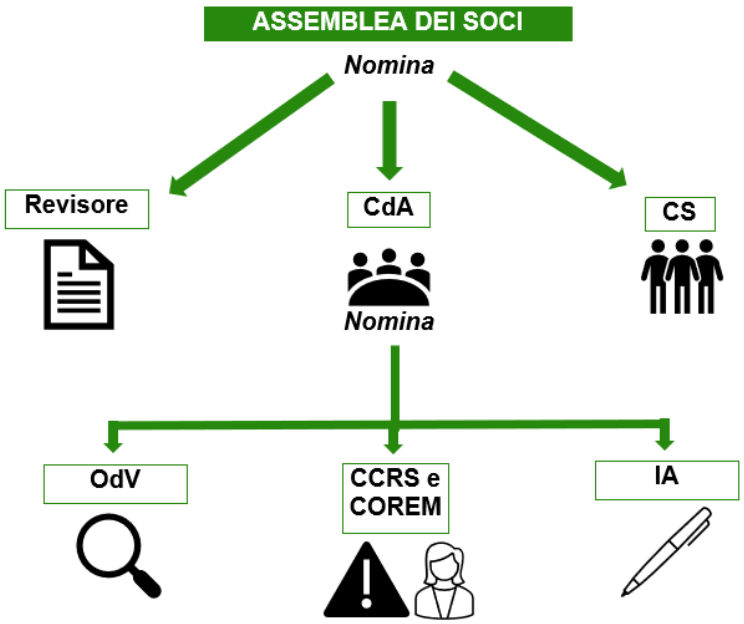


Figure 10 - The corporate governance structure in Philogen

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 Boards 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,

Composition of the highest governing body								
								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.

DISCLOSURE 2-9 Structure and composition of *governance*.[1]

The Board of Directors will serve for the three-year period 2022-2024, until the approval of the annual budget as of December 31, 2024.

In *accordance with* the GRI Standards (Disclosure 405-1), with this Report the organization is committed to reporting information on "Diversity in *governance* bodies and among employees." Specifically, the previously mentioned 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.

Composition (%) of the Board of Directors by gender.				
	to December 31, 2022		**to December 31, 2023**	
	Men	**Women**	**Men**	**Women**
Board Members.	70%	30%	70%	30%

DISCLOSURE 405-1 Diversity in *governance* bodies and among employees.

Composition (%) of the Board of Directors by age group.						
	to December 31, 2022			**to December 31, 2023**		
	<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%

DISCLOSURE 405-1 Diversity in *governance* bodies and among employees.

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 expertise and possession of the independence requirements of each of the members, the endoconsiliar committees are appointed.

With reference to the skills of individual directors, it should be noted that, as required by the relevant regulations for the listing of companies, the skills of individual directors were evaluated 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 subsequently used in the process of nominating and renewing the Board of Directors at the Shareholders' Meeting held in 2022[4] .

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/she attested that he/she was not in a situation of ineligibility, incompatibility or disqualification to hold the office of Board Member and that he/she was not in one of the situations referred to in Article 2390 of the Civil Code;
- following their appointment to the office of director, the same filled out a special questionnaire (pursuant to Article 8.4 of the RPT Procedure) in which the positions held respectively by all directors at other companies were indicated, including with reference to the position of their cohabiting family members.

The Chairman of the Board of Directors signed an employment contract in 2021 with the position of strategic executive as Director for the following areas: Administration, Finance, Legal, Personnel, and Building Operations.

At the July 27, 2023, Board of Directors meeting, the Board of Directors reviewed the contents of the delegated powers granted to the Chairman of the Board of Directors and the Chief Executive Officer.

The proxies granted to the Chairman of the Board of Directors, in any case, exclude him from operating in the areas of reference included in the employment contract, which are subject to his responsibility. Therefore, any overlap between the office of Chairman of the Board of Directors and that of Executive is excluded.

Aware of the role of sustainability and the growing centrality of this concept 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 aspects.

Following the election of board members in April 2022, it should be noted that an advisor with expertise in environmental, social and governance (ESG) sustainability issues was identified from among the board members.

[4] For further details about the procedures and rules for appointing the Board of Directors, please refer to Philogen's Articles of Incorporation published on the Philogen/By-law website.

To complement the governance structure in ESG mentioned above, in July 2022 the CEO 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 Company has also identified specific corporate functions to which it delegates the coordination of operational activities in the field of sustainability and the supervision of non-financial *reporting* activities. In particular, the Company has planned for 2024 a special training course (ESG *mini-master*) aimed at corporate functions delegated to coordinate operational activities in the field of sustainability, with specific reference to GRI standards.

The Group is also committed to periodically providing information to its *Stakeholders* about the Companies' initiatives, including activities in the ESG sphere. the Philogen Group organizes *engagement* activities with investors and *Stakeholders* both through dedicated *webinar* meetings (*one to one*), during which investors are updated on the actions undertaken by the Company, including those related to the sustainability path undertaken by the Group. 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 and/or make reports to the dedicated *e-mail* address: esg@philogen.com.

During 2023, no reports or critical issues related to sustainability issues were received and reported to the Board of Directors.

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

1.8 Remuneration policies

The commitment to sustainable development is also reaffirmed in the 2023-2024 Remuneration Policy approved by the Shareholders' Meeting on April 28, 2023, through which the Board of Directors assigned ESG-related targets to the managing directors in their respective annual *Management By Objectives* ("MBO") variable incentive plans.

Beginning April 1, 2023, and ending March 31, 2024, executive directors and an Executive with Strategic Responsibilities are beneficiaries of an incentive plan, MBO, under which they may be entitled to receive

an incentive, on an annual basis, the amount of which is commensurate with the achievement of corporate performance targets.

The specific objectives in the ESG area, identified for the period above, are:

- Reconfiguration of the air handling system for the laboratory area with implementation of a partial recirculation system. This objective aims not only to improve operational efficiency but also to reduce the environmental impact associated with laboratory activities;
- Reduction of paper consumption through document digitization processes by the clinic department;
- Construction of a photovoltaic system on the roof of the office building located in Rosia (Loc. Bellaria);
- Efficient overall water consumption by reducing the use of plastics and modernizing drinking water facilities.

In addition to this incentive compensation system for Executive Directors, directors receive fixed and variable compensation as resolved by the Shareholders' Meeting, depending on the powers delegated to them and/or for their roles in the various endoconsiliar committees.

The process for setting remuneration policies and determining remuneration involves multiple corporate bodies such as: the Shareholders' Meeting, the Board of Directors, the Nomination and Remuneration Committee, the Chief Executive Officer, and the Board of Statutory Auditors.

The remuneration setting process 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, for example, at the April 28, 2023 Shareholders' Meeting, the Remuneration Policy was approved by shareholders with 83.5% of the total voting rights and 100% of the votes present or represented. For more details, please refer to the Remuneration Policy 2023-2024 available on the Company's website in the "*Shareholders'* Meetings" section: https://www.philogen.com/governance/shareholders-meeting/ (Assembly 2023).

Also in the area of employee incentives in 2021, the Group approved an incentive plan called the "2024-2026 *Stock Grant* Plan" 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 2023 cycle were then identified in 2023. 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/

In *accordance with* the GRI Standards, following disclosure 2-21 on "Total Annual Remuneration Report," with this Sustainability Report the Company has undertaken to report, in particular:

a. the ratio of total annual compensation for the highest-paid individual in the organization to the median value of total annual compensation for all employees (excluding the highest-paid individual);
b. the ratio of the percentage increase in total annual pay for the highest-paid individual in the organization to the median value of the total annual percentage increase for all employees (excluding the highest-paid individual).

Below is the annual total compensation rate, which is the ratio of the annual salary of the highest paid individual to the median salary of employees (excluding the highest paid person).

Total annual salary ratio		
	As of December 31, 2022	**As of December 31, 2023**
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**	**15,10**
Ratio of the percentage increase in the annual total pay of the person receiving the highest pay to the median percentage increase in the annual total pay of all employees (excluding the above person)	**-**	**(14,22)**

DISCLOSURE 2-21 Annual total pay ratio.

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.

As can be seen from the table above, the trend of the Total Annual Remuneration Ratio is decreasing compared to 2022; the *trend* is related to the decrease in the remuneration of the Group's highest paid person because in 2022, the severance pay ("TFM" approved with the budget as of December 31, 2021) had been paid to the outgoing executive directors.

The annual compensation of the highest-paid individual includes annual compensation and the 2022 MBO settled in 2023. In contrast, for the median of employees (excluding the highest-paid individual), the fixed elements of compensation (RAL), *bonuses* paid, *fringe benefits*, and replacement allowance related to cafeteria service were considered.

1.9 Ethics and *Compliance*

The Philogen Group 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)[5] 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 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 the Group, engaged in the development of multiple socioeconomic interests, to ensure reliability, honesty, fairness, and traceability of every step, in

[5] 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.

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 safeguard the application of the Ethical Code of Conduct and the internal regulations described by the MOG[6] , Group employees are periodically trained on the MOG and informed about any regulatory changes that are introduced with respect to the current MOG; in addition, as of 2023, the MOG 231 and the Company's Ethical Code are available in the personal area of the Zucchetti Portal for all employees and new hires, who are required to read them and declare their acceptance when logging in to the company platform. The only exception is trainees, who receive the Code of Ethics and Model 231 by *e-mail*, but are still required to acknowledge receipt and acknowledgement of the above documentation in writing. 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 specific contractual provision 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 clarifications regarding the company's behavior and/or conduct, it is possible to 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 deposited. Alternatively, it is also possible to use internal mail in a sealed envelope to be sent to the attention of the SB at Philogen's Corporate Secretary's Office.

As a testament to the great attention the Group has always paid to ethical and fairness issues in its business, the Company implemented on December 7, 2023 a specific procedure called "*Whistleblowing* Procedure" (hereinafter also "Procedure") that governs the process for reporting by its employees/collaborators, any violations of the law and/or the Organizational Model, crimes and/or other irregularities, which the aforementioned individuals have become aware of in the course of performing their work functions and/or in their relations with the Company.

Specifically, the Procedure governs the process by which such individuals (managers, employees, or external parties, such as self-employed workers, trainees, personnel under the direction of contractors and suppliers) may report the relevant situations listed in the previous paragraph, either anonymously or overtly, to a specific person identified by the Procedure in the person of the Supervisory Board.

The purpose of the Procedure is to create an *ad hoc* system for handling reports that protects, through appropriate technical and organizational measures, the confidentiality of the identity of the person making the report, the person involved in the report, and any persons mentioned in the report. The Procedure is also intended to ensure that the entire process is based on the principle of confidentiality, which must be applied both to the individuals involved and to the content of the report and the related documentation transmitted to the Supervisory Board.

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

The Procedure has been implemented in accordance with the provisions of Law 179/2017, which expanded the application of the "*Whistleblowing*" discipline to the private sector as well (see Art. 6 of Legislative Decree 231/2001) and Legislative Decree No. 24/2023, by which EU Directive 2019/1937, published in the Official Journal of the European Union on November 26, 2019, was transposed into Italian law.

For the submission and management of reports, the Philogen Group has equipped itself with a dedicated IT platform - "*My Whistleblowing*" - which the Company has disseminated to its staff through special communication on the Zucchetti platform.

The above-mentioned reporting channels are constantly monitored by the Supervisory Board, which is responsible for analyzing any communications. In this regard, it should be noted that no reports were received during 2023.

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 2023, resulting in the absence of fines and non-pecuniary penalties. In addition, there are no pending or concluded prosecutions of anticompetitive behavior or established incidents of corruption and violations of antitrust and monopolistic practice regulations.

1.10 Economic performance and fiscal transparency

The Group's activities encompass all stages of the drug development process, including discovery, basic research, preclinical, clinical development, and manufacturing activities.

The Group operates through:

- Philogen S.p.A., which operates GLP-authorized laboratories, GMP-authorized production facilities (at the Montarioso and Rosia sites) and several clinical *trial* centers internationally through its in-house *Contract Research Organization* (CRO) and collaboration with some external CROs;
- Philochem AG, a 99.998% subsidiary of Philogen S.p.A., conducts research and development in the areas of selective discovery and therapeutic antibodies, as well as in the development of technologies such as antibody libraries and DNA-encoded chemical libraries, at its laboratories in Zurich.

Operational management

The following are the main economic items from operations that characterized FY2023.

Compared to the year ended December 31, 2022, which showed a loss of 5,376 thousand euros, the Group closes 2023 with a slightly higher loss of 6,161 thousand euros.

Revenues from contracts with customers amounted to 23,130 thousand euros in the year ended December 31, 2023, remaining largely unchanged from the previous year, showing a slight decrease of approximately 2.5% (23,713 thousand euros as of December 31, 2022).

However, the origin of these revenues varied from year to year: during 2022, revenues were mainly derived from the *partnership* between the subsidiary Philochem and a leading pharmaceutical company in the field

of small organic molecules; 2023, on the other hand, was marked by the contract between Philogen and SUN Pharma, related to the product Nidlegy™.

Other income amounted to 1,991 thousand euros in the year ended December 31, 2023, showing a decrease of approximately 44.4% from the previous year.

This change is mainly attributable to: (i) tax credits, from which the Company benefited during 2022, related to "extraordinary" activities carried out during 2021 such as the SME tax credit amounting to €500 thousand for consulting costs incurred for admission to listing in a regulated market and the ACE tax credit amounting to €180 thousand related to the capital increase raised during the listing phase, and (ii) the reduction in the rate of the research and development credit facility from which the Company benefits continuously by virtue of the research activity carried out.

This decrease can be attributed to the entry into force of the new percentages provided for in the Budget Law 2022, which provide for a reduction in the rate of relief from 20 percent to 10 percent. As a result of this reduction, as of December 31, 2023, the research and development credit amounted to 1,161 thousand euros, while as of December 31, 2022, it amounted to 1,812 thousand euros.

Operating costs mainly include production material costs, clinical and preclinical service costs, personnel costs, and other operating costs and show an increase of about 24.9 percent from the previous year.

This variance is mainly attributable to (i) the increase in material costs from Euro 2,853 thousand as of December 31, 2022 to Euro 3,472 thousand as of December 31, 2023 and the increase in service costs related to the Group's *core business* activities from Euro 10,334 thousand as of December 31, 2022 to Euro 13.990 thousand as of December 31, 2023, and (ii) to the increase in personnel costs related to the hiring plan aimed at structuring the workforce of the two GMP *facilities* and strengthening the management and *staff* functions, which increase from Euro 10,464 thousand as of December 31, 2022 to Euro 12,176 thousand as of December 31, 2023.

As mentioned above, research and development is the Group's main activity to date. The following infographic shows the research and development costs recognized in the income statement during the years ended December 31, 2023 and December 31, 2022, and their impact on the Group's total revenues from contracts with customers and total operating costs.

Research and development costs recognized in the income statement increased from the year previous. Specifically, these costs amounted to **20.8 million** as of **December 31, 2023** compared with **16.1 million** as of **Dec. 31, 2022**.

Below are the relative incidences:

- **Incidence on total contract revenue** of **90.1%** in **2023** and **68.0%** in **2022**
- **Impact on total operating costs** of **68.7 percent** in **2023** and **66.4 percent** in **2022**

EBITDA shows a decrease of approximately Euro 8,221 thousand, from a positive value of Euro 3,021 thousand as of December 31, 2022 to a negative value of Euro 5,350 thousand as of December 31, 2023 as a result of an increase in operating costs against revenues that decreased by 8%.

EBIT, calculated as the difference between EBITDA and depreciation and amortization, shows a negative balance of 8,840 thousand euros for the year ended December 31, 2023.

Economic value generated and distributed

The most significant economic aspects for the organization are presented through the Income Statement reclassification statement. This reclassification aims to show the economic value directly generated by the Group and how this value is distributed among its *Stakeholders*, both internal and external.

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

Statement of economic value generated and distributed[7]		
In euro thousands	2022	2023
Directly generated economic value (A)	22.735	27.916
Economic value distributed (B)	24.695	30.462
Of which: value distributed to suppliers	13.808	18.145
Of which: value distributed to employees	10.464	12.176
Of which: value distributed to the public administration	383	6
Of which: value distributed to capital providers	39	137
Economic value retained (A-B)	(1.961)	(2.546)

DISCLOSURE 201-1 Economic value directly generated and distributed

The analysis of the distribution model shows that the Group generated a value of approximately 27,916 thousand euros (A), an increase of 23% over 2022. The economic value generated represents the wealth created by the Group in the fiscal year and consists, mainly, of revenues from sales and services, as broken down in the table below.

In euro thousands	2022	2023
Revenues	23.713	23.130
Other Revenues	3.582	1.991
Financial income/expense	(4.559)	2.796
Determination of the Generated Value (A)	22.735	27.916

DISCLOSURE 201-1 Economic value directly generated and distributed

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

The amount of **economic value generated** expresses the value of wealth produced, consistent with international reference standards.

In 2023, the Group generated a value of **27.9 million euros**, up **23 percent from** the previous year's value (**22.7 million euros**).

Distributed value (B) represents *Stakeholder* remuneration, which is the share 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 2023, the Philogen Group distributed a total of approximately 30.5 million euros. The *Stakeholder* category receiving the most significant portion is suppliers to whom more than 18 million euros were distributed mainly in the form of costs for services and raw materials.

Next comes the remuneration of Group employees who received more than 12 million euros to cover salaries, severance pay and social security and incentive charges.

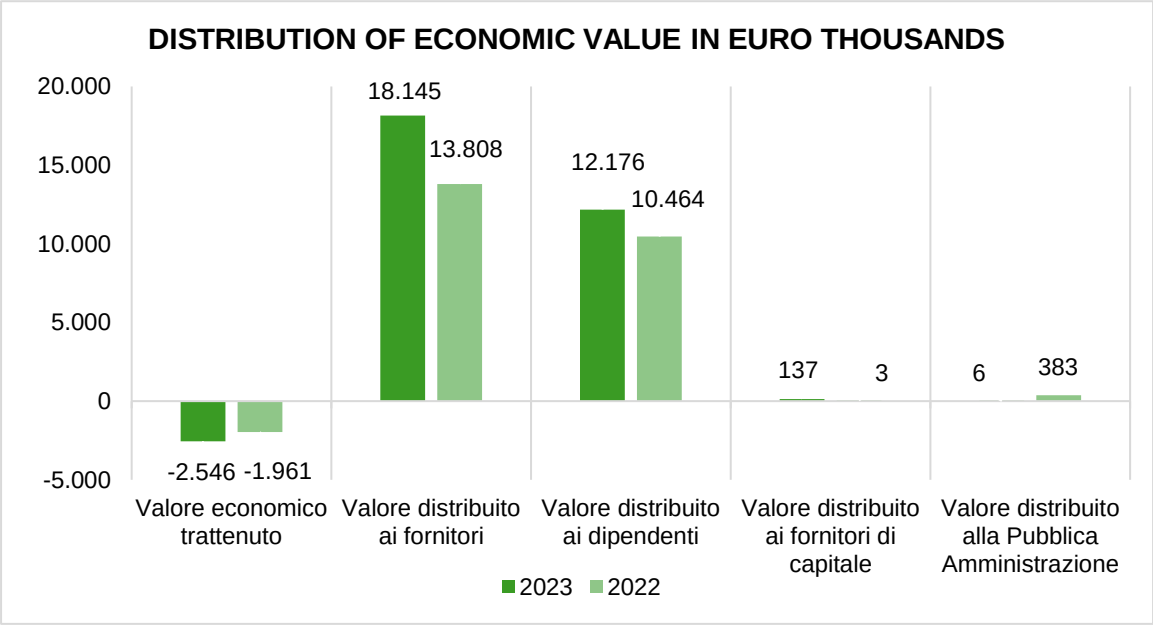
It should be noted that personnel costs increased from 10,464 thousand euros as of December 31, 2022 to 12,176 thousand euros as of December 31, 2023. The increase is mainly due to (i) the hiring plan aimed at structuring the workforce of the two GMP *facilities* and strengthening the management and staff functions, and (ii) the higher cost associated with the group incentive plans for the provision as of December 31, 2023, of the cost associated not only with the first allocation cycle 2021-2024, but also with the second allocation cycle 2022-2025 and the third allocation cycle 2023-2026.

The remainder of the distributed value went to the government in the form of taxes and to capital providers such as banks and other lenders.

In euro thousands	2022	2023
Raw material consumption for the year	3.450	3.852
Costs for services	10.334	13.990
Costs for the use of third-party assets	186	253
Changes in inventories of raw materials, supplies, consumables or goods	(598)	(380)
Miscellaneous operating expenses	437	430
Operating costs	*13.808*	*18.145*
Personnel costs	10.464	12.176
Salaries and employee benefits	*10.464*	*12.176*
Taxes for the year	383	6
Payments to Public Administration	*383*	*6*
Interests	39	137
Payments to capital provider	*39*	*137*
Economic value distributed (B)	24.695	30.463

DISCLOSURE 201-1 Economic value directly generated and distributed

The **economic value distribution** of **30.5 million in 2023** represents the preeminent impact of the Group's activities for the benefit of the main *Stakeholder* categories, including **operating costs**, **employee wages and benefits**, **payments to the public administration** and **capital providers.**



Fiscal transparency

The Group has made tax allocations based on the tax regulations of the countries of residence by taking advantage of tax breaks provided by the country of origin.

Taxes and fees have been set aside based on estimates made during the preparation of the budget and will be calculated in a final version in the second half of the year 2024 when the tax return is prepared, resulting in possible updates to the calculation.

Current taxes refer to accrued taxes calculated on the result for the year. Deferred taxes refer exclusively to the reversal of tax effects recognized upon transition to IAS/IFRS.

Below is a table detailing the income taxes recorded in the year ended December 31, 2023 and December 31, 2022.

In euro thousands	2022	2023
Current taxes	(384)	(6)
Deferred taxes	(633)	26
Total taxes	(1.017)	20

The tax position of the Parent Company evidences accumulated tax losses, from 2017 to 2023, of more than 60,000 thousand euros that could lead to a future tax benefit of approximately 14,500 thousand euros. These losses were mainly generated from prior year losses and tax benefits from which the Group benefits permanently by virtue of its research activities, which do not contribute to the tax base. Among the main tax benefits we can mention the Research and Development Credit, the Technology Innovation Credit and the Industry 4.0 Credit.

As of December 31, 2023, however, consistent with what has been done in the past, it was decided not to recognize deferred tax assets on tax losses in view of the uncertainties that characterize research and development activities and consequently the possibility of having convincing evidence about the ability to achieve future taxable income.

As of December 31, 2023, the Group has tax receivables of euro 10,965 thousand, including current tax receivables of euro 8,176 thousand and other non-current tax receivables of euro 2,790 thousand.

In euro thousands	2022	2023
VAT Credits	2.729	3.087
Other tax receivables	26	96
Miscellaneous tax credits	4.041	4.994
Total tax credits	6.796	8.176

In euro thousands	2022	2023
Tax receivables non-current portion	2.987	2.790
Other non-current assets	2.987	2.790

It should be noted that the credits available as of December 31, 2023, in compliance with the relevant regulations, are:

(i) VAT credit (it should be noted that the Company makes sales related to *upfront payments* and *milestones* of licensing contracts abroad and purchases mainly in Italy, giving rise to credit VAT that cannot be offset against debit VAT in the Italian territory);
(ii) other tax receivables which mainly include receivables for withholding taxes incurred;
(iii) miscellaneous tax credits, including: the research and development tax credit, the technological innovation tax credit, the industry 4.0 credit, related to the generic assets that went into operation in the year ended December 31, 2020, and the industry 4.0 credit, related to the interconnection of the new GMP production plant at the Rosia site.

Miscellaneous tax credits are offsettable in annual installments of different amounts according to the relevant regulations, and for this they are offsettable within the year for euro 4,994 thousand, and beyond the year for euro 2,790 thousand.

It should be noted that in order to ensure tax compliance, the Company has adopted a *set* of corporate *policies*, serving as guidelines in various areas, including for the area of "*tax credit*." These guidelines are applied by *management* in the decision-making process in order to achieve the described objectives more efficiently and effectively.

In addition, the Company employs specialized consultants in order to share the correct interpretation of relevant regulations, complete preparation of required supporting documentation, and updates in tax matters.

As a supplement, 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 guaranteeing the *assurance of* the facility itself.

In compliance with Italian tax regulations, Philogen 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.

In addition, in compliance with Swiss tax regulations, the Philochem subsidiary has benefited in past years from tax breaks (i.e., *Patent Box*) under the supervision and *assurance* of tax advisors who have supported the Company in calculating and providing documentary assistance to the relevant country authority.

Country-by-country **reporting**				
In euro thousands	**2022**		**2023**	
	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	Research and development of new drugs	Research and development, manufacturing, preclinical testing, and clinical	Research and development of new drugs

	drugs for experimental use		development of drugs for experimental use	
Number of employees	118	39	128	37
Revenues from sales to third parties	6.036	17.675	23.079	51.078
Revenues from intergroup transactions with other tax jurisdictions	603	1.997	659	3.208
Pre-tax profit/loss	(5.733)	11.562	(6.172)	(5.335)
Tangible assets other than cash and cash equivalents	11.435	1.265	14.478	1.434
Taxes paid on corporate income on a cash basis	-	-	-	-
Corporate income taxes included in the income statement (i)	(608)	(409)	11	9

Adequacy on administrative-accounting system

Following listing, the Philogen Group adopted the organizational model under Law 262/2005 "Provisions for the protection of savings and the regulation of financial markets."

The model is part of the Internal Control System ("ICS") aimed at verifying the adequacy of the Group's administrative and accounting procedures consistent with the requirements of the market segment in which the Company is listed.

In this area, the law introduces the figure of the Manager in charge of preparing corporate accounting documents (Art. 154-bis.).

According to Law 262/2005, the acts and communications of the Group disseminated to the market and relating to accounting information, including interim reports, must be accompanied by a written statement from the Executive in charge of preparing corporate accounting documents, attesting that they correspond to the documentary results, books and accounting records.

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.

In 2023, the Group continued the process of compliance with the ICS under Law 262/2005, with the updating of administrative-accounting procedures and followed up on the "262 *Testing* Plan," in order to ensure a true and fair representation of corporate reporting and preparation activities for the annual and consolidated financial statements.

	Philogen S.p.A.		Philochem AG	
Processi	*Quality review*	*Risk Control Matrix*	*Quality Review*	*Risk Control Matrix*
Financial Closing	●	●	●	●
Consolidato	●	●	*N/A*	*N/A*
Tesoreria e Cassa	●	●	●	●
Immobilizzazioni	●	●	●	●
Payroll e Personale	●	●	●	●
Attivo	●	●	●	●
Passivo	●	●	●	●
Magazzino	●	●	*Non in scope*	*Non in scope*

Legenda ● Completed ○ Not Started

Figure 11 - Mapping the GITCs of IT systems.

In order to continue on the path of *enhancing* the system of *governance* and internal control, with particular reference to the *assurance* on the main corporate information systems (*General IT Controls* or "GITCs"), the need has emerged to extend the ICS on *Financial Reporting* by integrating the GITC mapping of accounting-relevant IT systems.

GITCs are a set of controls used to verify the proper implementation of *policies* and procedures for relevant IT systems ("Technology elements"), including the operational effectiveness of automated controls and the integrity of *reports* generated by the system or by *report writers*, as well as the security of data stored within the system.

2. From research to drug

2. From research to drug

2.1 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.

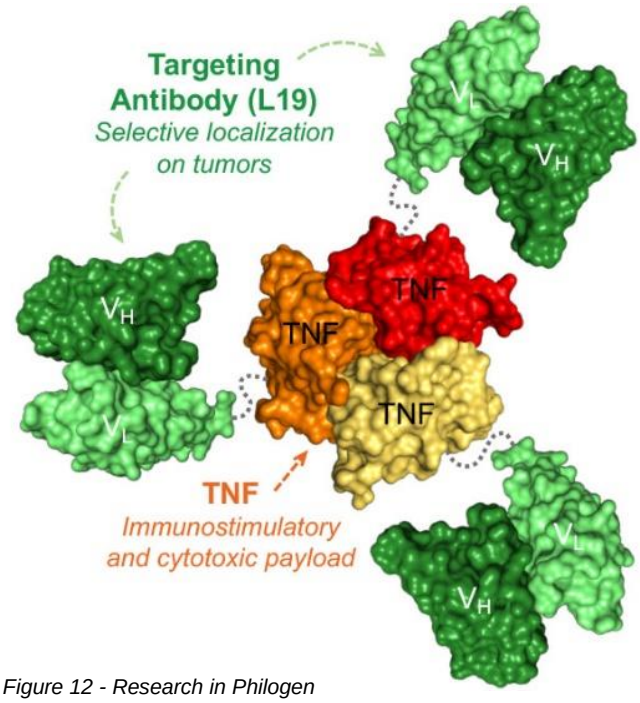


Figure 12 - Research in Philogen

As mentioned, the Group operates through:

- the parent company (Philogen), 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;
- subsidiary company (Philochem), 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 *Phage Display* and *DNA-Encoded Chemical Libraries* technologies. Preclinical experiments are also carried out in Switzerland to evaluate the efficacy and tolerability of new prototypes. The most promising prototypes, whose efficacy has been demonstrated in preclinical models, 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 mature new ideas, empirical evidence and publications.

Doctoral students are affiliated with one of the universities with which the Philogen Group collaborates, among which we find IUSS Pavia, University of Siena, University of Trento, ETH Zurich, and Zurich Hospital.

The results generated through the industrial Ph.D. programs at Philochem are receiving special attention from *high-impact factor peer-reviewed* journals that have led to the publication of several articles such as, for example, "*Selective tumor targeting enabled by picomolar fibroblast activation protein inhibitors isolated from a DNA-encoded affinity maturation library*" Puglioli et al, Chem 2023, "*An Engineered IFNγ-Antibody Fusion Protein with Improved Tumor-Homing Properties*," Di Nitto et al, Pharmaceutics 2023, and "*A DNA-encoded chemical library based on chiral 4-amino-proline enables stereospecific isozyme-selective protein recognition*," Oehler et al, Nature Chemistry 2023.

In 2023, Philochem also initiated collaborations with veterinary centers of excellence and in particular with the veterinary faculty of the University of Milan (group of Prof. Damiano Stefanello and Prof. Paola Roccabianca).

The collaboration focuses on the clinical study of the product OncoFAP-GlyPro-MMAE: Philochem is supplying the drug to the specialized veterinary center for the treatment of dogs with spontaneous tumors lacking therapeutic alternatives.

The progress of *Discovery* is reported periodically in a monthly report for *top-management* oversight and approval.

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

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.

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 has been completed on upgrading the second GMP production facility, which recently received GMP certification from AIFA.

The new plant has been designed to meet regulatory requirements and the highest quality *standards for the* production of protein therapeutics and will be used to produce not only clinical trial pharmaceuticals but also commercial pharmaceuticals.

Below are some pictures of the newly licensed GMP facility in Rosia for the production of experimental and commercial drugs.

Figure 13 - Filling machine "infialatrice" - initial QP

Figure 14 - FM-001 Filling Machine

Figure 15 - Process Flow Drug Substance Commercial Use

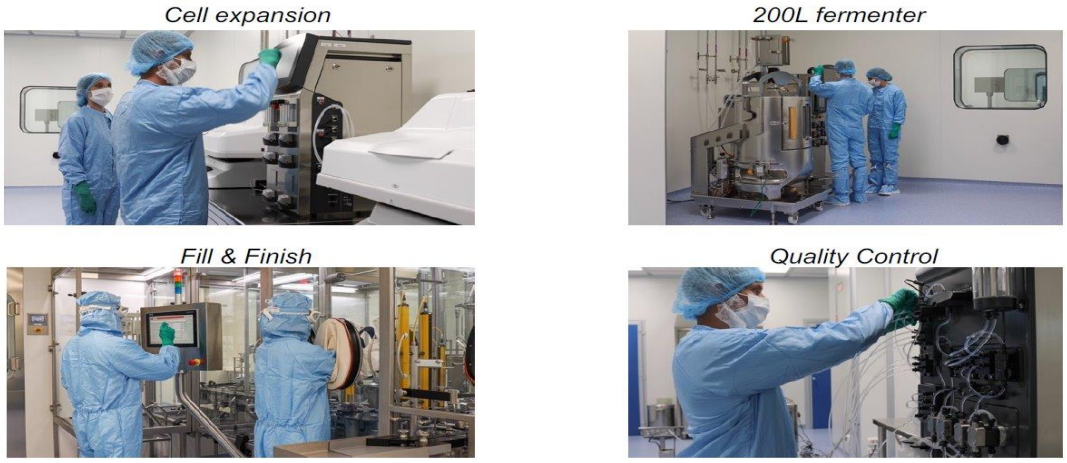


Figure 16 - Various machinery

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 by seeking to improve scientific knowledge through collaboration with academic institutions to accelerate the development of new next-generation treatments for patients.

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.

To prove this, among all external clinical trial specialists called *Contract Research Organizations* (CROs), Philogen enters into collaboration exclusively with those entities that are certified and 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. In 2023, the company reported a 51 percent increase in the total number of patients included in its trials, giving even more patients the opportunity to receive innovative drugs.

In 2023 Philogen:

- **collaborated with 79 centers** (**11** in **Italy**, **68** between **Europe** and the **U.S.**) and
- **treated 362 patients**

The Group over the years has **operated** more than **140 centers worldwide** and enrolled **1,364 patients**
In the various studies.

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 experimental drugs for compassionate use domestically and internationally, in compliance with current regulations. In 2023, the Group was able to further expand scientific collaboration with academic hospitals, increasing the number of sites involved in clinical trials by about 31 percent.

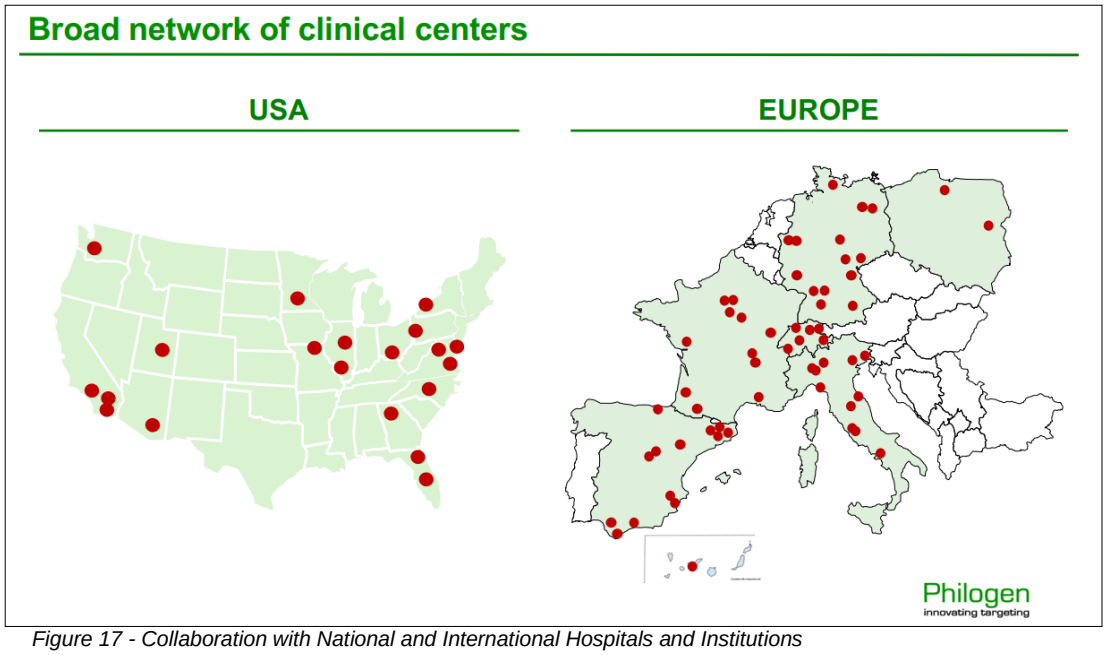


Figure 17 - Collaboration with National and International Hospitals and Institutions

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. The aforementioned *e-mail* address is published on the Company's *website* to allow anyone to send communications regarding *privacy* regulations. During 2023 and the year prior to the year of reporting, no complaints regarding loss of data and information were registered.

2.2 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.

The Philogen Group 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 both sites in Montarioso and Rosia, production facilities certified and authorized *Good Manufacturing Practice* - GMP by AIFA with the relevant quality management system.

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 performed are used to determine drug levels in the blood (pharmacokinetics) and to verify the immune response induced by drug administration (immunogenicity); in addition, biomarker analyses can also be conducted to assess the pharmacodynamic profile of the product under investigation.

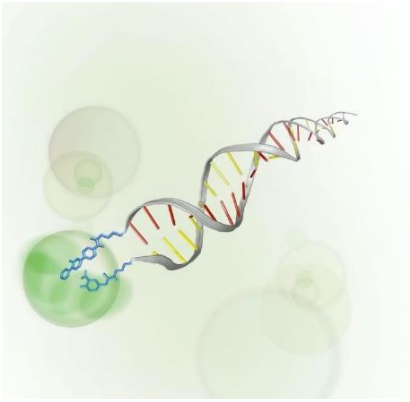


Figure 18 - DNA double helix

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 the reproducibility of *performance* and thus the maintenance, but also the 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.

There are multiple control procedures that take place daily within the Group, 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 various corporate departments are identified: *Qualified Person, Quality Assurance, Quality Control* and *CMC Regulatory.* The latter function was introduced by Philogen in view of the future commercialization activities of its 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) and QA Corporate

It represents the strategic **department** that **ensures** that the drug is produced according to the quality standards dictated by **GMP,** or Good Manufacturing Practices, by aligning the organization with industry regulations and ordering **changes** and **updates** to internal **procedures** that insist on the entire production chain. The **Corporate QA** function coordinates the *Quality Assurance teams* at the Montarioso and Rosia sites for both the clinical and *manufacturing* departments, as well as the GLP laboratory.
Specifically:

- Participates in site activity coordination meetings;
- Together with the QP is the contact person in case of inspections by Regulatory Authorities and audits by third-party companies;
- Manages the site quality system.

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 the 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

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.

Further assurance of the level of quality and safety can be attributed to the *"audit*" activities that are carried out both on the processes applied within the Philogen plants and by the planned audits at the clinics/bodies/hospitals at which clinical trials are carried out. These periodic audits/controls 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 the aforementioned external entities, Philogen intends to verify that the management systems and practices applied at these facilities are aligned with and comply with the quality and safety *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 manufacturing process; for this reason in the selection process, Philogen has implemented an evaluation, approval and monitoring system that aims to verify and test their quality and reliability.

During 2023, there were no instances of non-compliance with regulations and/or voluntary codes regarding the health and safety impacts of products/services during their life cycle, nor incidents of non-compliance regarding information and labeling of products and services.

2.3 Responsible supply chain management

Philogen is aware of the strategic importance of the supply chain in drug development and manufacturing in order to ensure its high quality and reliability.

For this, the Group has set up specific SOPs for qualifying and approving suppliers and issuing 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 and limited number of suppliers (sometimes referred to as "sole" suppliers), whose technical

production specifications are indicated and identified in the Group's production SOPs, which are subsequently 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 involving 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 fundamental principles affirming social equality, including through the mutual adoption and acceptance of the Code of Ethics.

Given the company's particular business sector (chemical-pharmaceutical), most of the manufacturers that Philogen uses operate in an industry that is highly regulated by stringent industry regulations and are constantly monitored by national and international regulatory authorities (e.g., EMA, AIFA, FDA), which consequently leads to constant monitoring of working conditions (i.e., *audits*, inspections, etc.).

Added to this is the fact that the company's suppliers are mainly based in member countries of the European Union or U.S.A., which have advanced labor laws that ensure respect for the main labor rights of workers. Hence, there is no risk of restricting the rights of association and collective bargaining of the suppliers' employees even in those cases where the supplier carries out its activities in those ways that are in themselves more likely to originate labor clashes, such as, for example, production facilities and shift work. In addition, no suppliers were identified at significant risk of incidents of forced labor and violation of discipline in this regard.

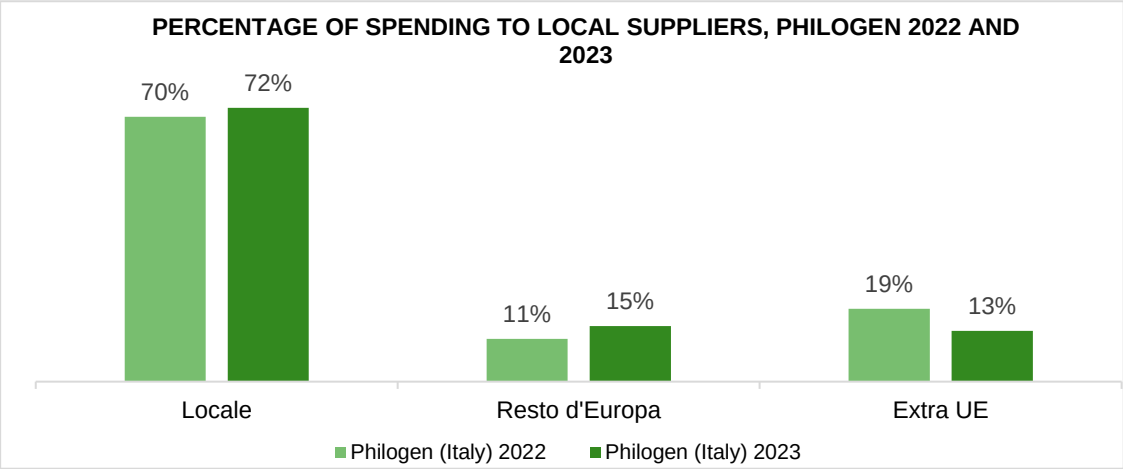
Philogen's selection of suppliers is governed not only by the applicable national regulations, industry guidelines (e.g., GMP) and internal procedures that provide for their initial and subsequent qualification over time, but also by the Company's Code of Ethics, which expressly stipulates that the company, in its procurement activities, is committed to promoting compliance with ethical principles and requirements of social relevance (such as the right of association and collective bargaining).

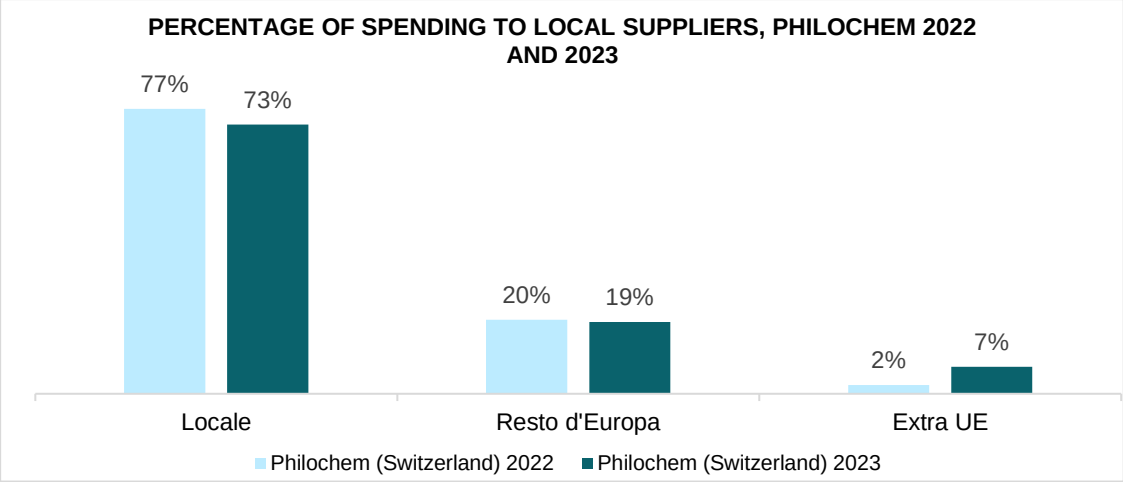
In addition to this, for each contract entered into by the Company, the latter requires through specific contractual clauses the transmission of suitable documentation to certify the regularity in payments, by contractors, of workers' wages and social security and insurance contributions. In particular, in the case of subcontracting certain work, there are specific contractual provisions to protect subcontractors that allow Philogen as Principal to control and verify the performance of the work by the subcontractors and the regular payment to them of the contractual fees provided for.

Considering the complexity of the services and supplies required, the suppliers used by the company employ only personnel with a high degree of specialization (e.g., work in sterile environments and technological laboratories) and therefore with a long period of training behind them. By virtue of this, the average age of the workers is well above that established for "young workers." Thus, there are no suppliers operating in activities that pose a risk to child labor and the safety of young workers.

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 2023, the percentage of sourcing from local suppliers headquartered in the country was 72 percent for the Italian plants (70 percent in 2022) and 73 percent for the Swiss plant (77 percent in 2022).





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

3. Social responsibility

3. Social responsibility

3.1 Development and well-being of people

Constant investment in the professional and human progress of people is the basis of Philogen's strategy of "*retention" of* key figures. In 2023 there continued to be a notable number of personnel hires, both fixed-term and permanent, especially in Philogen, mostly due to the gradual entry into full operation of the Rosia production site. In particular, as a result of the Company's strong growth and expansion, it became necessary to reevaluate and revise the company's areas and spaces in order to build an office building at the Rosia site. As of December 31, 2023, the Group's total workforce corresponded to **165 employees**, up 5 percent from the previous year.

In 2023 Philogen:

- **employed 165 employees**, including:
  - **55%** women
  - **89%** permanent contract
  - **35** hires in 2023

Employees by gender and area geography						
Sites	**to December 31, 2022**			**to December 31, 2023**		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Italy (Philogen S.p.A.)	51	67	**118**	52	76	**128**
Switzerland (Philochem AG)	19	20	**39**	17	20	**37**
Total	**70**	**87**	**157**	**69**	**96**	**165**

DISCLOSURE 2-7 Employees[9]

The type of permanent contract is predominant (89%) and this reiterates the importance of the measures put in place by the Group for the purpose of "*retention"* strategies of highly qualified personnel. In 2023, **35 employees were hired** (see the tables below for a breakdown by age group and educational qualification, while the outgoing *turnover was* 27 people, mostly aged between 30 and 50).

Employees by contract type (permanent and fixed-term), by gender and geographic area							
Sites	**Contract type**	**to December 31, 2022**			**to December 31, 2023**		
		Men	**Women**	**Total**	**Men**	**Women**	**Total**
Italy (Philogen S.p.A.)	**Open-ended**	44	55	**99**	45	67	**112**
	Fixed-term	7	12	**19**	7	9	**16**

[9] Employee data show the total number of employees (HeadCount "HC," *act of counting people*) at the end of the reporting period; no estimates or approximations were used for these values.

Switzerland (Philochem AG)	**Open-ended**	17	19	**36**	16	19	**35**
	Fixed-term	2	1	**3**	1	1	**2**
Total	**Open-ended**	**61**	**74**	**135**	**61**	**86**	**147**
	Fixed-term	**9**	**13**	**22**	**8**	**10**	**18**
Total		**70**	**87**	**157**	**69**	**96**	**165**

DISCLOSURE 2-7 Employees

Employees by contract type (*full-time* and *part-time*), by gender and geographic area							
Sites	**Contract type[10]**	**to December 31, 2022**			**to December 31, 2023**		
		Men	**Women**	**Total**	**Men**	**Women**	**Total**
Italy (Philogen S.p.A.)	**Full-time**	48	63	**111**	50	72	**122**
	Part-time	3	4	**7**	2	4	**6**
Switzerland (Philochem AG)	**Full-time**	19	19	**38**	17	20	**37**
	Part-time	-	1	**1**	-	-	**-**
Total	**Full-time**	**67**	**82**	**149**	**67**	**92**	**159**
	Part-time	**3**	**5**	**8**	**2**	**4**	**6**
Total		**70**	**87**	**157**	**69**	**96**	**165**

DISCLOSURE 2-7 Employees

Workers also include external collaborators represented, as shown in the table below, by 8 trainees and 1 external consultant. The activities carried out by the trainees involve training in different departments (Production, Quality Control, Optimization and *Clinical Data Management*).

Outside workers by occupational category and gender						
Professional category	**to December 31, 2022**			**to December 31, 2023**		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Interns	4	3	**7**	3	5	**8**
Worker with CMO consulting contract	1	-	**1**	1	-	**1**
Total	**5**	**3**	**8**	**4**	**5**	**9**

DISCLOSURE 2-8 Outside Workers[11]

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

[11] Employee data show the total number of employees (HeadCount "HC," *act of counting people*) at the end of the reporting period; no estimates or approximations were used for these values.

Percentage of total employees covered by collective bargaining agreements		
Number of employees	**to December 31, 2022**	**to December 31, 2023**
Total number of employees	157	165
Total number of employees covered by collective bargaining agreements	118	128
Total percentage	**75%**	**78%**

DISCLOSURE 2-30 Collective Bargaining Agreements.

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.

New hires by age group, gender, and geographic area							
Sites	**Age group**	**to December 31, 2022**			**to December 31, 2023**		
		Men	**Women**	**Total**	**Men**	**Women**	**Total**
Italy (Philogen S.p.A.)	**<30 years old**	7	2	**9**	7	7	**14**
	30-50 years old	6	17	**23**	7	10	**17**
	>50 years old	2	1	**3**	-	-	**-**
Switzerland (Philochem AG)	**<30 years old**	3	6	**9**	1	1	**2**
	30-50 years old	1	-	**1**	1	1	**2**
	>50 years old	-	-	**-**	-	-	**-**
Total	**<30 years old**	**10**	**8**	**18**	**8**	**8**	**16**
	30-50 years old	**7**	**17**	**24**	**8**	**11**	**19**
	>50 years old	**2**	**1**	**3**	**-**	**-**	**-**
Total		**19**	**26**	**45**	**16**	**19**	**35**

DISCLOSURE 401-1 New hires and turnover.

Outputs by age group, gender, and geographic area							
Sites	**Age group**	**to December 31, 2022**			**to December 31, 2023**		
		Men	**Women**	**Total**	**Men**	**Women**	**Total**
Italy (Philogen S.p.A.)	**<30 years old**	1	-	**1**	3	1	**4**
	30-50 years old	5	5	**10**	8	6	**14**
	>50 years old	1	1	**2**	2	1	**3**
	<30 years old	2	-	**2**	1	-	**1**

Switzerland (Philochem AG)	**30-50 years old**	3	-	**3**	3	2	**5**
	>50 years old	-	-	**-**	-	-	**-**
Total	**<30 years old**	**3**	**-**	**3**	**4**	**1**	**5**
	30-50 years old	**8**	**5**	**13**	**11**	**8**	**19**
	>50 years old	**1**	**1**	**2**	**2**	**1**	**3**
Total		**12**	**6**	**18**	**17**	**10**	**27**

DISCLOSURE 401-1 New hires and turnover.

Rate of new hires and turnover by age group and geographic area					
Sites	**Age group**	**to December 31, 2022**		**to December 31, 2023**	
		Revenue	**Outputs**	**Revenue**	**Outputs**
Italy (Philogen S.p.A.)	**<30 years old**	53%	6%	71%	29%
	30-50 years old	29%	13%	18%	15%
	>50 years old	13%	9%	0%	7%
Switzerland (Philochem AG)	**<30 years old**	50%	11%	13%	6%
	30-50 years old	5%	15%	10%	25%
	>50 years old	0%	0%	0%	0%
Total	**<30 years old**	**51%**	**9%**	**44%**	**14%**
	30-50 years old	**24%**	**13%**	**18%**	**18%**
	>50 years old	**13%**	**8%**	**0%**	**14%**
Total		**29%**	**11%**	**21%**	**16%**

DISCLOSURE 401-1 New hires and turnover.

Rate of new hires and turnover by gender and geographic area					
Sites	**Age group**	**to December 31, 2022**		**to December 31, 2023**	
		Revenue	**Outputs**	**Revenue**	**Outputs**
Italy (Philogen S.p.A.)	**Men**	37%	14%	19%	17%
	Women	25%	9%	16%	8%
Switzerland (Philochem AG)	**Men**	21%	26%	12%	24%
	Women	30%	0%	10%	10%

Total	**Men**	**27%**	**17%**	**23%**	**25%**
	Women	**30%**	**7%**	**20%**	**10%**
Total		**29%**	**11%**	**21%**	**16%**

DISCLOSURE 401-1 New hires and turnover.

The staff hired during the year ended Dec. 31, 2023 is highly qualified, being composed of 59 percent graduates and 15 percent PhDs.

The staff hired during the year ended Dec. 31, 2023 is highly qualified, being composed of:

- **59%** by **college graduates**;
- **15%** with **Ph.D.**

Employees by educational qualification			
Group Data	**to December 31, 2023**		
	Men	***Women***	**Total**
Ph.D.	18	21	**39**
Degree	28	66	**94**
Diploma	18	7	**26**
No Title	4	2	**6**
Total	**68**	**97**	**165**

The Group has always maintained strong relations with universities in the area where 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. During 2023, collaboration with universities was also intensified at the Group's Swiss headquarters, where additional Industrial Doctorate programs were implemented.

To support and foster the welfare of its people, Philogen has implemented a number of *welfare* initiatives, reimbursement of medical expenses for Executives and Middle Managers, as well as the provision of Fuel Vouchers to the entire company and Purchase Vouchers to part of it. These Vouchers are completely tax-free.

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.

In the spirit of the Remuneration Policy, the 2024-2026 Stock Grant Plan aims to retain key resources ("*retention*"), to stimulate them to work with energy and passion in order to achieve the Group's growth and development goals, and to financially reward people who have made an extraordinary contribution and commitment in carrying out their role within the Group.

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 2023, workers from each department participated in various courses on *clinical trials*, pharmacovigilance, *viral safety*, *Good Laboratory Practice*, intellectual property, information technology, practical training, *data integrity, audit management, risk management*, and updates on regulatory activities, Among the entities at which these training/update courses were held were EMA, Farmindustria, The European Patent Academy, and PQE Group.

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 FY2023 totaled 774 hours; for health and safety training, however, 126.5 hours were provided. The total training hours provided for Philogen employees in FY 2023 amounted to 900.

The Group has implemented several training courses for its employees in the course of of 2023 reaching **900 total hours**, of which:

- **774 hours of** training related to courses in technical fields;
- **126.5 hours** in health and safety.

In 2022 Philogen signed a contract to implement the Zucchetti HR portal.

This is *software* for the new Human Resource Management system, specifically an advanced system that has been fully integrated into business life as of March 2023.

A true Virtual Workspace was created, a virtual workplace, accessible anywhere with a simple *Internet browser*, where information can be accessed and collaborated with internal corporate users, simplifying daily activities and maximizing efficiency.

This modern portal not only offers employees greater visibility into their work situation, but also provides greater control over several aspects. With this *software,* in fact, there is the possibility, among others, to track staff attendance and, as of May 2023, to take advantage of the *Timesheet* feature, which provides access to the hours allocated on each worker's projects.

In this way, it is 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 to which one can also have access via an *app* on one's cell phone, internal communication is fostered and facilitated via a special company *intranet*, and specific requests can be made.

Another purpose of the *software* is to raise employee awareness of energy consumption issues through *ad hoc* communications, a testament to the cross-sector use of this tool. This initiative demonstrates the company's commitment to adopting innovative solutions aimed at improving the employee experience and streamlining internal administrative practices.

The portal has led to a significant reduction in paper material as well as streamlining in terms of management and communication, avoiding redundancy of information.

For staff, it is a tool for staying in touch with the company, receiving communications and updates on company policies as well as notifications and documents that the company makes available, making them active participants in the processes, relieving centrally the burden of low-value management activities. In the future, the system will probably enable new functions, such as the management of travel expense reimbursement and digitized management of the company car fleet. In addition, procedures related to employee health and safety will be incorporated.

Since January 2024, the use of the Zucchetti portal has also been extended to the Group's Swiss headquarters.

Hours of training by occupational category and gender[12]

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
Managers	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, 2023**					
	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	47	9,3	47	5,8
Managers	89	6,4	7	1,6	96	5,3
Employees	194	5,9	292	3,8	486	4,4
Workers	101	5,3	45	4,5	146	5
Total	**384**	**6**	**390**	**4,1**	**774**	**5**

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

3.2 Diversity and Inclusion (*Diversity Equity Inclusion* - DEI)

In managing human resources, Philogen aims to integrate and respect all forms of diversity, thwarting any discrimination that may arise. The Group has always been a multicultural entity that to date can count

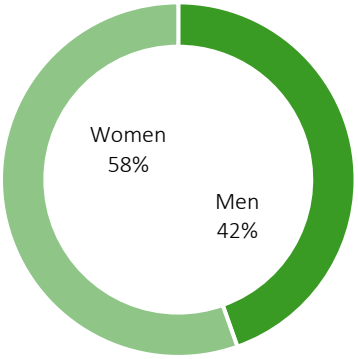
[12] The figure for training hours does not include health and safety training hours because information broken down by professional category and gender is not available. The Group considers further analysis with respect to the significance of safety training hours in order to optimize data collection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

employees of more than 15 different nationalities in its workforce, and it has worked over time to create an inclusive work environment that fosters creativity and confrontation.

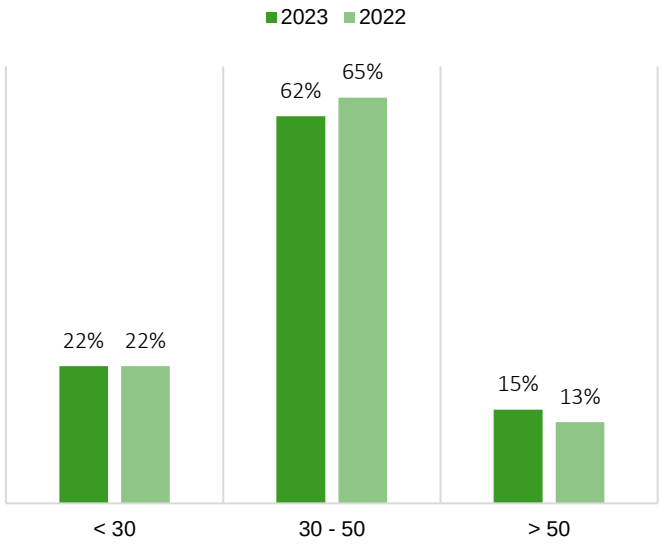
Particular attention is also paid to the issue of gender equality: 55 percent of employees are female, and many key roles within the company are also filled by pink quotas, including the three representatives on the Board of Directors. Gender equality is even more important in the area of scientific 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 seven people from protected categories.

TOTAL EMPLOYEES 2023 BY GENDER



EMPLOYEES BY AGE GROUP



Employees by job category and age group

Professional category	to December 31, 2022				to December 31, 2023			
	<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%	25%	75%	**5%**
Managers	0%	69%	31%	**10%**	0%	78%	22%	**11%**
Employees	23%	68%	9%	**71%**	22%	71%	7%	**67%**
Workers	39%	48%	13%	**15%**	41%	48%	10%	**18%**
Total	**22%**	**62%**	**15%**	**100%**	**22%**	**65%**	**13%**	**100%**

DISCLOSURE 405-1 Diversity in governing bodies and among employees.

Philogen is a dynamic business of competent and young people, 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 2023.

Employees by occupational category and gender						
Professional category	**to December 31, 2022**			**to December 31, 2023**		
	Men	**Women**	**Tot**	**Men**	**Women**	**Tot**
Executives	57%	43%	**4%**	38%	63%	**5%**
Managers	63%	38%	**10%**	78%	22%	**11%**
Employees	38%	62%	**71%**	30%	70%	**67%**
Workers	61%	39%	**15%**	66%	34%	**18%**
Total	**45%**	**55%**	**100%**	**42%**	**58%**	**100%**

DISCLOSURE 405-1 Diversity in governing bodies and among employees.

3.3 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.

During 2023, procedures related to the management system were progressively updated.

Philogen has also carried out risk assessment for the identification of 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 a "*near miss*"), while any incident is reported through a dedicated procedure.

Each injury, 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 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 Officer.

The main hazards within the company may include falls from heights <2m, confined space entry, electrocution, weight dropping, 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 compliance with 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 2023, specific courses on occupational safety were provided to 21 employees for a total of 126.5 hours, and evacuation testing was conducted. Specifically, training courses are held in presence 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.

During 2023, there were 2 minor workplace injuries involving Company employees.

3.4 Collaboration with local communities

Philogen has a strong presence in its target territory and collaborates on an ongoing basis with local entities, supporting industry initiatives.

In particular, the Society is particularly active in funding numerous scholarships for PhDs in biotechnology at the University of Siena, IUSS Pavia and the University of Milan.

The Group has also been collaborating with ETH Zurich and the University of Zurich for several years. As a result of collaborative work with both, Philochem has been awarded funding from Innosuisse with respect to a number of projects aimed at research in the field of encoded 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.

Philogen actively participated in the "*Career Week 2023"* event organized by the University of Siena.

This valuable opportunity not only gave the company an opportunity to connect with the next generation of students and undergraduates, but also underscored its commitment to encouraging emerging talent by providing the concrete possibility of job placement for students. This commitment resulted in one of the candidates joining the company for an *internship*.

Figure 19 - Career Week 2023

Through initiatives like these, the Group positions itself at the center of a dynamic network of industry-academia collaboration, fueling a virtuous cycle of innovation and sustainable growth.

All these relationships also emphasize the importance of social responsibility and contribution to scientific progress. The Swiss and Italian offices, through these *partnerships*, are committed to being an active player in value creation locally and internationally, integrating academic expertise with the practical needs of industry.

4. Environmental responsibility

4. Environmental responsibility

Within the Sustainability journey undertaken by the Philogen Group, environmental protection occupies a central role. As evidence of this commitment, the Philogen Group has undertaken and planned a number of activities to mitigate its impacts at the various sites where it operates, which will be discussed in more detail in the following paragraphs.

For a better understanding of the Group's environmental impacts, a summary of the Philogen Group's plants and a summary of its activities are given below.

The Group has a research and development facility in Zurich (through its subsidiary "Philochem"), where new experimental drugs are discovered. The most promising prototypes are then transferred to Siena, where they are produced at the Company's GMP facilities. In particular, Philogen has a GMP plant in Montarioso (Siena) approved by the Italian Medicines Agency (AIFA) for the production of experimental, antibody drugs in mammalian cells. A second GMP manufacturing plant has also been built at the Rosia (Siena) site, aimed at the production of both commercial drugs and for clinical trials.

In this context, the Group's production plants operate in accordance with current environmental regulations and permits to which they are subject, in particular:

- the Montarioso (Siena) site, has an AUA (Authorizzazione Unica Ambientale) discharge permit issued by the Municipality of Monteriggioni (Siena), which is scheduled to expire in the year 2032;
- the Rosia (Siena) site has an AUA (Autorizzazione Unica Ambientale) discharge permit issued by the Municipality of Sovicille (Siena), which is scheduled to expire in the year 2030;
- with reference to laboratories in Switzerland, Philochem ensures *compliance with the* "CFSL Directive," which regulates how to design, construct, operate, maintain efficient and safe laboratories using flammable and harmful chemicals or substances. The company ensures uniform, appropriate and technically up-to-date application of relevant legal provisions, including the "Federal Law on Environmental Protection."

The AUA (Single Environmental Authorization) discharge permits held for the two plants in Montarioso and Rosia regulate, among other things, the release of air emissions and the storage and disposal of hazardous waste.

4.1 Energy and Emissions

In light of commitments at the international and European level such as the 2015 Paris Agreement and the European Climate Law 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.

ENERGY CONSUMPTION

ENERGY

21,033 GJ Energy consumed
Of which:
1.6% Renewable energy

To conduct its operations and production processes, Philogen mainly uses natural gas and electricity. During 2023, the Group recorded a total energy consumption of 21,033 GJ, an increase of 10% from the previous year.

The above increase in energy consumption is closely related to a number of factors:

- **Startup of GMP plant in Rosia:** At its administrative and operational headquarters in Rosia, the Group built its second GMP production plant of 1,230 m^2 , which is in addition to the one located in the Montarioso locality that has for years represented the only GMP production plant authorized by AIFA for the production of experimental drugs. The construction of the second production plant in Rosia, one of the largest and best equipped in Europe, constituted an important milestone in the Company's history as during 2023 this plant was authorized by AIFA for (i) production of experimental drugs (ii) production for commercial drugs (iii) production c/thirds for both experimental and commercial drugs. This milestone is critical for the transition from a company with predominantly R&D to a product company. The plant has been continuously operational during the year 2023, the machinery and facilities have all gone into operation to test the productivity required for documentation to support AIFA authorization.

- **Rosia office expansion:** during the year 2023, in addition, as a result of the ever-growing corporate workforce, the Group screwed the construction of a new office building/management center, also at the Rosia site, of about 700 square meters. This investment will be completed during 2024 and will house top management and corporate functions.

Finally, it should be noted that the two Italian sites account for 93% of the total energy consumption, while the Otelfingen (ZH) site, which is involved in discovery and testing activities, accounts for about 7% of the Group's total consumption. It should be noted that the Swiss site occupies an area of 2,119 m2. Despite the latter's limited impact on total consumption, it is reported to reduce consumption by 6 percent compared to 2022, highlighting an increasingly efficient and sustainable energy footprint.

Despite the latter's limited impact on overall consumption, it is reported to reduce consumption by 6 percent by 2022, highlighting an increasingly efficient and sustainable energy footprint.

CONSUMPTION OF NON-RENEWABLE FUELS

In 2023, energy consumption from non-renewable fuels accounts for 47.8 percent of the Group's total energy consumption. The fuels used by the Group are methane gas for heating (for the Italian sites of Rosia and Montarioso only) and diesel fuel for automotive use (for both the Italian sites of Rosia and Montarioso and the Swiss site of Otelfingen).

In 2023, methane gas consumption, as anticipated used only by Italian sites, stood at 9,139 GJ (up 11.9%) compared to the year 2022. As highlighted in the previous paragraphs, this *trend* can be attributed to the expansion of the sites mentioned above.

Automotive diesel consumption in 2023 was 914 GJ with an increase of 53.4 percent from the previous year.

A key goal achieved in 2023 by the Group, as highlighted in the tables on the pages below, was the divestment of all gasoline-powered vehicles, resulting in zero gasoline consumption for automotive purposes compared to 2022.

DISTRICT HEATING

The Swiss site in Otelfingen uses district heating to heat its premises, and this energy carrier accounted for 3.2 percent of the Group's total energy consumption, an increase in consumption of 8.4 percent over 2022.

ELECTRICITY

The Group's electricity consumption in 2023 was 10,307 GJ, up 6 percent from 2022.

The electricity consumed is partly purchased from external suppliers and from non-renewable sources (47.4% of the Group's total energy consumption) and partly self-generated by the Group (1.6% of the Group's total energy consumption).

Currently, the Philogen Group has integrated a photovoltaic plant with an initial capacity of 70 kW into its energy park, to which a new 40 kW plant was added in July 2023. Also in light of this, an important goal achieved by the Group is to increase self-generated energy from photovoltaics by 13.3 percent compared to 2022.

Continuing with the commitment to sustainable practices, further expansion is planned for 2024 with the installation of photovoltaic panels on the outdoor parking canopies and on the roof of the new building currently under construction.

Figure 20 - On the left photovoltaic system 40 KW; on the right photovoltaic system 70 KW

This expansion will bring the total capacity of the Group's photovoltaic installations to nearly 440 kW, further increasing levels of self-consumption of energy. As a result of these initiatives, therefore, the Philogen

Group can already count on a fully renewable alternative energy source that will cover a further share of consumption in the coming years.

Internal energy consumption within the organization (Consolidated)			
	Unit of measurement	**2022**	**2023**
Consumption of non-renewable fuels	**GJ**	**8.766**	**10.053**
Methane gas	GJ	8.167	9.139
Automotive diesel fuel	GJ	595	914
Automotive gasoline	GJ	3	-
District heating	**GJ**	**621**	**673**
Purchased electricity	**GJ**	**9.476**	**9.978**
Of which from non-renewable sources	GJ	9.476	9.978
Of which from renewable sources	GJ	-	-
Self-generated electricity from photovoltaics[13]	**GJ**	**290**	**329**
Of which sold into the network	GJ	-	-
Total energy consumption	**GJ**	**19.153**	**21.033**
Of which from renewable sources	GJ	290	329

DISCLOSURE 302-1 Energy consumed within the organization.

Internal energy consumption of the Montarioso plant organization.			
	Unit of measurement	**2022**	**2023**
Consumption of non-renewable fuels	**GJ**	**1.040**	**897**
Methane gas	GJ	1.040	876
Automotive diesel fuel	GJ	-	21
Automotive gasoline	GJ	-	-

[13] As a result of improved monitoring of self-generated photovoltaic electricity data, the 2022 figures have been restated from those published in the 2022 Sustainability Report.

Internal energy consumption of the Montarioso plant organization.			
District heating	**GJ**	**-**	**-**
Purchased electricity	**GJ**	**1.812**	**1.858**
Of which from non-renewable sources	GJ	1.812	1.858
Of which from renewable sources	GJ	-	-
Self-generated electricity from photovoltaics	**GJ**	**-**	**-**
Of which sold into the network	GJ	-	-

DISCLOSURE 302-1 Energy consumed within the organization.

Internal energy consumption of the Rosia plant organization			
	Unit of measurement	**2022**	**2023**
Consumption of non-renewable fuels	**GJ**	**7.672**	**897**
Methane gas	GJ	7.127	8.263
Automotive diesel fuel	GJ	541	847
Automotive gasoline	GJ	3	-
District heating	**GJ**	**-**	**-**
Purchased electricity	**GJ**	**6.810**	**7.408**
Of which from non-renewable sources	GJ	6.810	7.408
Of which from renewable sources	GJ	-	-
Self-generated electricity from photovoltaics	**GJ**	**290**	**329**
Of which sold into the network	GJ	-	-

DISCLOSURE 302-1 Energy consumed within the organization.

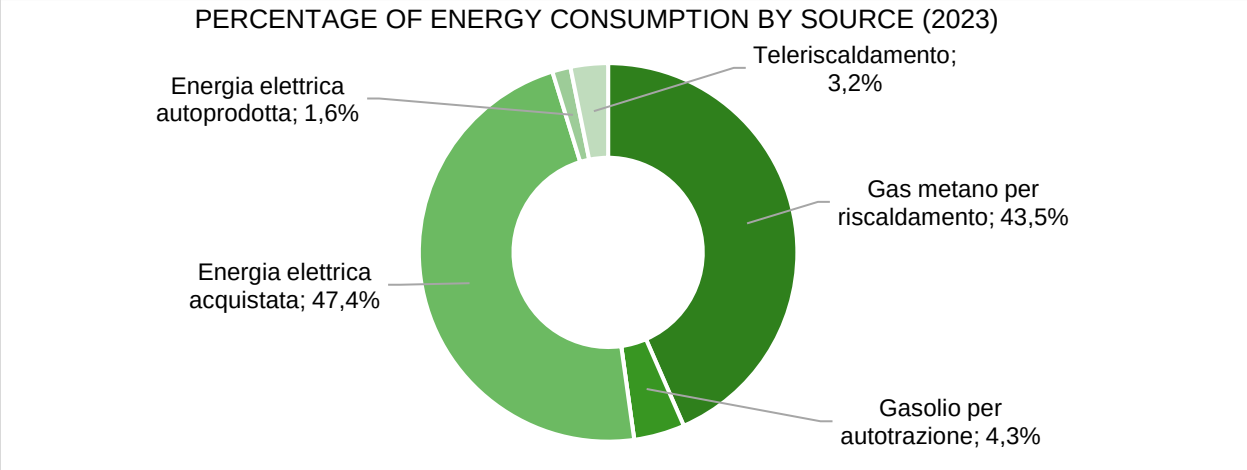
Internal energy consumption within the organization Zurich plant.			
	Unit of measurement	**2022**	**2023**
Consumption of non-renewable fuels	**GJ**	**55**	**46**
Methane gas	GJ	-	-

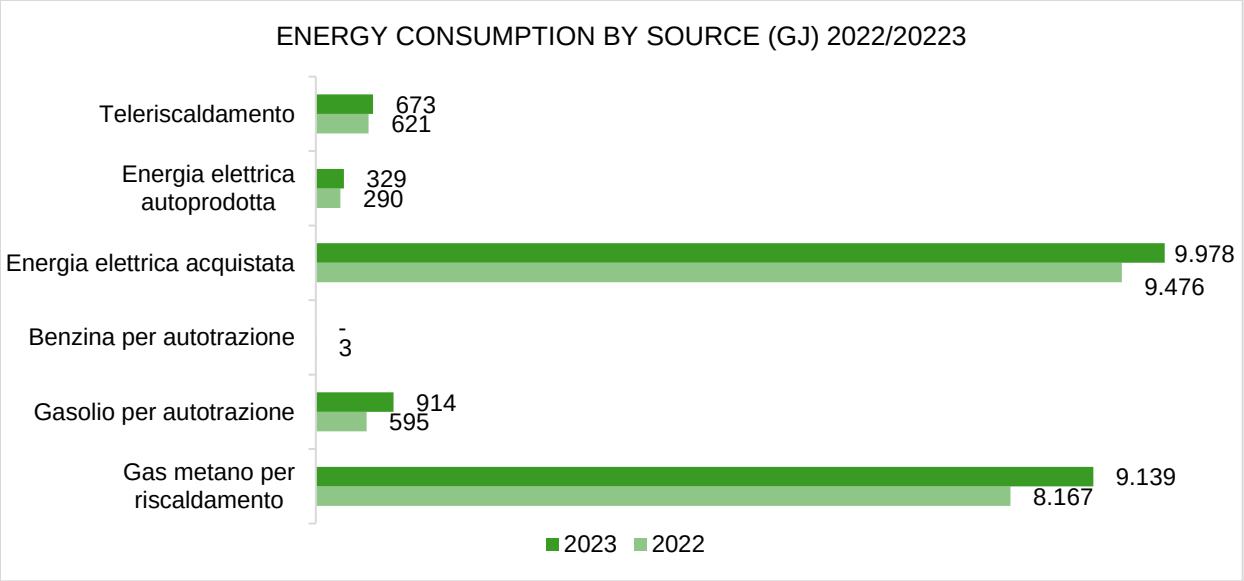
Internal energy consumption within the organization Zurich plant.			
Automotive diesel fuel	GJ	55	46
Automotive gasoline	GJ	-	-
District heating	**GJ**	**621**	**673**
Purchased electricity	**GJ**	**854**	**712**
Of which from non-renewable sources	GJ	854	712
Of which from renewable sources	GJ	-	-
Self-generated electricity from photovoltaics	**GJ**	**-**	**-**
Of which sold into the network	GJ	-	-

DISCLOSURE 302-1 Energy consumed within the organization.

Total consolidated consumption within the organization			
Energy	**Unit of measurement**	**2022**	**2023**
Total energy consumption	**GJ**	**19.153**	**21.033**
Renewable energy	GJ	290	329
Non-renewable energy	GJ	18.863	20.704
% Renewable energy of total	**%**	**1,5%**	**1,6%**

DISCLOSURE 302-1 Energy consumed within the organization.





MODERNIZATION PROJECTS IMPLEMENTED BY THE GROUP TO REDUCE CONSUMPTION

Among the interventions aimed at improving process energy efficiency, the Group has focused on replacing old and obsolete machinery with more modern equipment in many facilities, contributing to the reduction of overall energy consumption. In recent years, Philogen has invested in advanced technologies and innovative practices to optimize energy consumption within its three facilities.

The following are the main modernization projects and interventions implemented by the Philogen Group:

- **Replacement of lighting systems:** in continuity with what was done in 2022, in 2023 the Group continued to replace lamps inside the plants and installed a total of 150 ceiling lights to switch to neon tubes. The gradual but continuous replacement of all lamps with new and more efficient LED systems is planned for the coming years;

- **Boiler replacement:** again with a view to energy efficiency, Philogen in 2023 replaced the boiler for heating the office and laboratory area. This intervention allowed the Group to achieve higher efficiency, reduce its consumption, and avoid waste due to leakage along the pre-existing network;

- **Replacement of the refrigeration plant:** the Group replaced the refrigeration plant in April 2023, and this intervention led to a significant improvement in reducing the overall energy consumption of the Rosia plant;

- **Plant modernization**: the Air Handling Unit facilities of the Quality Control laboratories at the Rosia plant have been planned for the year 2024, with the aim of renovating the existing plant. This intervention requires detailed planning to minimize plant downtime while ensuring a smooth transition to more efficient technologies.

ENERGY INTENSITY

Energy intensity expresses the energy required to generate the Group's revenues.

In 2023, the energy intensity is **0.75 GJ/thousand**.

In terms of intensity indexes, energy performance stands at 0.75 GJ/thousand, a reduction of 11 percent from the previous year. The Group's efforts in the coming years will aim to improve this index with a view to decoupling economic growth and environmental impact.

Energy intensity for total revenue		
Unit of measurement	**2022**	**2023**
GJ/ thousand	**0,84**	**0,75**

DISCLOSURE 302-3 Energy Intensity

CO EMISSIONS$_2$

Greenhouse gas (GHG) emissions are gaseous substances in the atmosphere that contribute to global warming through the greenhouse effect. These emissions are typically classified into three main categories:

- **scope 1:** direct emissions controlled by the organization from fuel consumption;
- **scope 2:** Indirect emissions related to the production of electricity, steam or heat;
- **scope 3:** Indirect emissions from the organization's value chain.

GHG emissions, therefore, can be directly or indirectly associated with an organization's activities, and reporting them is important for monitoring and assessing the environmental impact of activities and for developing effective strategies to mitigate climate change.

SCOPE 1 EMISSIONS

Direct emissions generated by the Group in 2023 from consumption of natural gas and diesel fuel (Scope 1) will be 575 tons of CO_{2e} , up 27 percent from 2022. The increase is closely related to the increase in gas and diesel consumption in 2023. The most impactful category is GHG emissions from natural gas accounting for 89% while the remaining 11% are related to the use of diesel fuel for motor vehicles.

SCOPE 2 EMISSIONS

Emissions from purchased electricity consumption (Scope 2[14)] , calculated using the market-based approach, amount to 1,210 tons of CO_{2e} and are up 7 percent from 2022. The most impactful category is

[14] 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;

attributable to emissions generated by 'purchased electricity from nonrenewable sources (Market based) amounting to 97 percent of total Scope 2 Market based emissions (1,176 tons of CO_{2e}), while emissions generated by district heating are 3 percent (34 tons of CO_{2e}). Emissions from purchased power consumption (Scope 2[16]), calculated using the Location-based approach, up 13% from 2022, are 891 tons of $CO_{2e.}$

TOTAL EMISSIONS SCOPE 1 and 2.

Total emissions (Scope 1 and Scope 2 *Market based*) result in 1,785 tons of $CO_{2e,}$ up 13% from the previous year when 1,583 tons of CO were produced$_{2e}$. Considering on the other hand, the *Location based* calculation method for Scope 2, the total emissions result in 1,466 tons of CO_{2e} , up from 2022 by 18%. This *trend* fully reflects the Group's expansion in terms of investment in offices, plants and production capacity.

CO emissions.$_2$			
	Unit of measurement	**2022**	**2023**
Scope 1 [15]	tCO e_2	454	575
Scope 2 (electricity, market-based)[16]	tCO_2	1.128	1.210
Scope 2 (electricity, location-based)[17]	tCO_2	791	891
Total (Scope 1 + Scope 2 market-based)	**tCO e_2**	**1.583**	**1.785**
Total (Scope 1 + Scope 2 location-based)	**tCO e_2**	**1.246**	**1.466**

DISCLOSURE 305-1 Direct GHG emissions (Scope 1) and 305-2 Indirect GHG emissions from energy consumption (Scope 2).

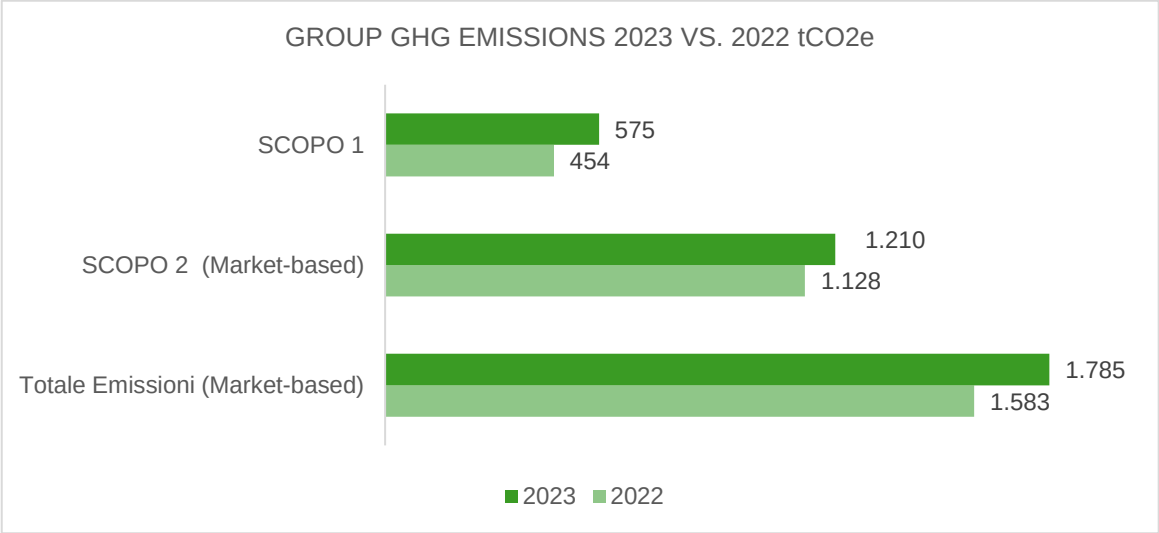
- Market-based approach: reflects the intensity of emissions generated by the consumption of electricity purchased through any specific supply contracts.

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.

[15] Source of emission factors: DEFRA 2023 and DEFRA 2022

[16] Source of emission factors: AIB 2023 - European Residual Mixes 2022 and AIB 2022 - European Residual Mixes 2021 (Ver. 1.0, 2022-05-31).

[17] Source of emission factors: AIB 2023 - European Supplier Mixes 2022 and Terna - International Comparisons 2019.



EMISSIVE INTENSITY

Emission intensity expresses the greenhouse gas emissions produced to generate the Group's revenues. Specifically, it should be noted that the emission intensity figure was calculated against the Group's total revenues of 27,916 thousand euros in 2023 and 22,735 thousand euros in 2022.

In 2023, the emission intensity is 0.05 tCO2e /thousand, according to the *location-based* method, and has been reduced by 4% from the previous year.

Intensity of greenhouse gas (GHG) emissions.[18]			
	Unit of measurement	**2022**	**2023**
Intensity of emissions (Scope 1 + Scope 2 market-based) to total revenue	**tCO_2 e / thousands**	**0,07**	**0,06**
Intensity of emissions (Scope 1 + Scope 2 location-based) to total revenue	**tCO_2 e / thousands**	**0,05**	**0,05**

DISCLOSURE 305-4 Intensity of greenhouse gas (GHG) emissions.

4.2 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

[18] It should be noted that the emission intensity figure was calculated with respect to the Group's total revenues of 24,969 thousand euros in 2023 and 27,295 thousand euros in 2022.

consumption compared to older equipment. In addition to this specific use at the process level, water is used at the sites for sanitary purposes.

At the consolidated level, a total of 7.17 megaliters of freshwater was withdrawn during 2023, including 5.97 megaliters from water-stressed areas. Compared to 2022, there was an 8.91% increase in withdrawal from aqueduct water resources (+2.23% for water-stressed areas). Specifically, withdrawals from Italian plants account for 87% of water withdrawals; the remainder of withdrawals (17%) are from the Zurich site.

In order to assess its impact in sensitive areas, with reference to water withdrawals and discharges 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.

During 2023, the Group replaced water dispensing flasks with dispensing systems directly connected to the water supply network so as to reduce the use of plastic within the company and provide excellent quality water for all staff.

MONTARIOSO PLANT

For the Montarioso plant, the Group recorded a positive figure in terms of water consumption as fresh water withdrawal from third parties was reduced by 41.1 percent compared to 2022.

Water withdrawal by source (Montarioso Plant)					
		2022		**2023**	
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	1,46	1,46	0,86	0,86

DISCLOSURE 303-3 Water Withdrawal.

ROSIA PLANT

At the Rosia plant during 2023, there was a 16.67 percent increase in fresh water withdrawal due to increased production activities for laboratory testing as well as activities made necessary for the purpose of AIFA authorization.

Water withdrawal by source (Rosia Plant)					
		2022		**2023**	
Source	**Unit of measurement**	**All areas**	**Areas with water stress**	**All areas**	**Areas with water stress**
Third-party water	ML	4,38	4,38	5,11	5,11

Water withdrawal by source (Rosia Plant)					
(Fresh water: ≤1,000 mg/l total dissolved solids)					

DISCLOSURE 303-3 Water Withdrawal.

ZURICH PLANT

Water withdrawal by source (Zurich Plant)					
		2022		2023	
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	0,74	-	1,2	-

DISCLOSURE 303-3 Water Withdrawal.

For the Zurich plant, however, an increase in water resource use from aqueducts of 61.48 percent is reported due to increased water use for laboratory testing during R&D.

It should be noted that the figure of water withdrawn for the Swiss office, 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.

4.3 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 medical 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 stages 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.

Type of waste [ton]	**2022**			**2023**		
	Dangerous	**Non-hazardous**	**Total**	**Dangerous**	**Non-hazardous**	**Total**
Mixed material packaging	-	15,40	**15,40**	-	30,46	**30,46**
Solid infectious risk medical waste	6,30	-	**6,30**	25,24	-	**25,24**
Liquid infectious risk medical waste	3,90	-	**3,90**	7,11	-	**7,11**
Total waste produced	**10,20**	**15,40**	**25,60**	**32,36**	**30,46**	**62,82**

DISCLOSURE 306-3 Waste generated.

In 2023, a total of 62.82 tons of waste was produced, of which 52% was hazardous waste and 48% non-hazardous waste. 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.

In addition, it should be noted that the total amount of waste generated by the Group does not take into account the waste produced at the research and development plant in Zurich, since since these are mainly research laboratories, the volume of waste produced is not significant for the purposes of the overall calculation. The figure reported therefore includes only the waste generated by the two Italian plants in Rosia and Montarioso.

It should be noted that waste values have increased compared to 2022 due to waste materials from the construction site for the new office building/management center at the Rosia plant and also due to an increase in production activities in light of the commissioning of the new GMP *facility* at the Rosia site.

Disposal method [ton]	**2022**				**2023**			
	On site	**At an external site**	**Total**	**%**	**On site**	**At an external site**	**Total**	**%**
Hazardous Waste								
Recycling	-	-	-	-	-	-	-	-

Disposal method [ton]	2022				2023			
	On site	At an external site	Total	%	On site	At an external site	Total	%
Non-Hazardous Waste								
Recycling	-	15,40	15,40	100%	-	30,46	30,46	100%
Total	**-**	**15,40**	**15,40**	**100%**	**-**	**30,46**	**30,46**	**100%**

DISCLOSURE 306-4 Waste not intended for disposal.

Disposal method [ton]	2022				2023			
	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%	-	32,36	32,36	100%
Non-Hazardous Waste								
Landfill	-	-	-	-	-	-	-	-
Total	**-**	**10,20**	**10,20**	100%		**32,36**	**32,36**	100%

DISCLOSURE 306-5 Waste for Disposal.

GRI Table of Contents

Statement of Use	Philogen has submitted reporting in accordance with GRI Standards for the period from January 1, 2023 to December 31, 2023
Using GRI 1	GRI 1 - Fundamental Principles - version 2021
Relevant GRI industry standard	N.A.

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION		
			OMITTED REQUIREMENTS	REASON	EXPLANATION
General Disclosures					
GRI 2: General Disclosures 2021	Disclosure 2-1 Organizational details	Page 9-10 Please refer to the Annual Financial Report 2023, available on the website: www.Philogen.com			
	Disclosure 2-2 Entities included in the organization's sustainability reporting	Page 9-10 Please refer to the Annual Financial Report 2023, available on the website: www.Philogen.com			
	Disclosure 2-3 Reporting period, frequency and contact point	Page 9-10			
	Disclosure 2-4 Restatements of information	Page 9-10			
	Disclosure 2-5 External assurance	Page 9-10			
	Disclosure 2-6 Activities, value chain and other business relationships	Pages 9-10; 48-50			
	Disclosure 2-7 Employees	Pages 52-53			

	Disclosure 2-8 Workers who are not employees	Pages 54			
	Disclosure 2-9 Governance structure and composition	Pages 22-25 Please refer to the Annual Report on Corporate Governance and Ownership Structure - financial year 2023, available on the website: www.Philogen.com			
	Disclosure 2-10 Nomination and selection of the highest governance body	Pages 25-26 Please refer to the Annual Report on Corporate Governance and Ownership Structure - financial year 2023, available on the website: www.Philogen.com			
	Disclosure 2-11 Chair of the highest governance body	Pages 26 Please refer to the Annual Report on Corporate Governance and Ownership Structure - financial year 2023, available on the website: www.Philogen.com			
	Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts	Pages 26-27 Please refer to the Annual Report on Corporate Governance and Ownership Structure - financial year 2023, available on the website: www.Philogen.com			

	Disclosure 2-13 Delegation of responsibility for managing impacts	Page 26 Please refer to the Annual Report on Corporate Governance and Ownership Structure - financial year 2023, available on the website: www.Philogen.com			
	Disclosure 2-14 Role of the highest governance body in sustainability reporting	Pages 27 Please refer to the Annual Report on Corporate Governance and Ownership Structure - financial year 2023, available on the website: www.Philogen.com			
	Disclosure 2-15 Conflicts of interest	Page 26 Please refer to the Annual Report on Corporate Governance and Ownership Structure - financial year 2023, available on the website: www.Philogen.com			
	Disclosure 2-16 Communication of critical concerns	Page 27 Please refer to the Annual Report on Corporate Governance and Ownership Structure - financial year 2023, available on the website: www.Philogen.com			

	Disclosure 2-17 Collective knowledge of the highest governance body	Page 24-25 Please refer to the Annual Report on Corporate Governance and Ownership Structure - financial year 2023, available on the website: www.Philogen.com			
	Disclosure 2-18 Evaluation of the performance of the highest governance body	Page 22-23 Please refer to the Annual Report on Corporate Governance and Ownership Structure - financial year 2023, available on the website: www.Philogen.com			
	Disclosure 2-19 Remuneration policies	Pages 28-30 Please refer to the Report on Remuneration Policy and Compensation for the Year 2023, which can be found on the website: www.Philogen.com			
	Disclosure 2-20 Process to determine remuneration	Pages 28-29 Please refer to the Report on Remuneration Policy and Compensation for the Year 2023, which can be found on the website: www.Philogen.com			

	Disclosure 2-21 Annual total compensation ratio	Page 29 Please refer to the Report on Remuneration Policy and Compensation for the Year 2023, which can be found on the website: www.Philogen.com			
	Disclosure 2-22 Statement on sustainable development strategy	Pages 9-10			
	Disclosure 2-23 Policy commitments	Pages 39-40			
	Disclosure 2-24 Embedding policy commitments	Pages 39-40			
	Disclosure 2-25 Processes to remediate negative impacts	Pages 3-4; 18-22			
	Disclosure 2-26 Mechanisms for seeking advice and raising concerns	Page 27			
	Disclosure 2-27 Compliance with laws and regulations	Pages 31			
	Disclosure 2-28 Membership associations	Page 13-14			
	Disclosure 2-29 Approach to stakeholder engagement	Pages 25-27			
	Disclosure 2-30 Collective bargaining agreements	Page 54			
Material Topics					
GRI 3: Material Topics 2021	Disclosure 3-1 Process to determine material topics	Pages 32-34			
	Disclosure 3-2 List of material topics	Pages 34-35			

Economic Performance					
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Pages 16-21			
GRI 201: Economic Performance (2016)	Disclosure 201-1 Direct economic value generated and distributed	Pages 32-34			
GRI 204: Procurement Practices (2016)	Disclosure 204-1 Proportion of spending on local suppliers	Pages 48-50			
GRI 207: Tax (2019)	Disclosure 207-1 Approach to tax	Pages 25-28			
	Disclosure 207-2 Tax governance, control, and risk management	Pages 25-28			
	Disclosure 207-3 Stakeholder engagement and management of concerns related to tax	Pages 32-35			
	Disclosure 207-4 Country-by-country reporting	Page 38			
Ethics and compliance					
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Pages 16-21			
GRI 205: Anti-corruption (2016)	Disclosure 205-3 Confirmed incidents of corruption and actions taken	Page 17			
GRI 206: Anti-competitive Behavior (2016)	Disclosure 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Pages 32; 36			
Energy consumption and emission					
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Pages 66-75			
GRI 302: Energy (2016)	Disclosure 302-1 Energy consumption within the organization	Pages 66-67			
	Disclosure 302-3 Energy intensity	Page 68			
GRI 305: Emission (2016)	305-1 Emissioni dirette di GHG (Scope 1)	Pages 70-71			

	Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	Pages 70-71			
	Disclosure 305-4 GHG emissions intensity	Pages 70-71			
Waste management					
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Pages 66-75			
GRI 306: Waste (2020)	Disclosure 306-1 Waste generation and significant waste-related impacts	Page 73			
	Disclosure 306-2 Management of significant waste related impacts	Page 73			
	Disclosure 306-3 Waste generated	Page 74			
	Disclosure 306-4 Waste diverted from disposal	Page 75			
	Disclosure 306-5 Waste directed to disposal	Page 75			
Contribution to public health					
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Pages 10; 32			
Local Community					
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Pages 63-64			
Inclusiveness in experimentation paths					
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Pages 40-43			
Attracting, developing and retaining workers					
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Pages 52-55			
GRI 401: Employment (2016)	Disclosure 401-1 New employee hires and employee turnover	Pages 54-55			
	Disclosure 401-2 Benefits provided to full-time employees that are not provided to	Pages 56-57			

	temporary or part time employees				
GRI 404: Training and Education (2016)	Disclosure 404-1 Average hours of training per year per employee	Pages 58-59			
Worker health and safety					
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Pages 62-63			
GRI 403: Occupational Health and Safety (2018)	Disclosure 403-1 Occupational health and safety management system	Pages 62-63			
	Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	Pages 62-63			
	Disclosure 403-3 Occupational health services	Pages 62-63			
	Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	Pages 62-63			
	Disclosure 403-5 Worker training on occupational health and safety	Pages 62-63			
	Disclosure 403-6 Promotion of worker health	Pages 62-63			
	Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 62-63			
	Disclosure 403-9 Work-related injuries	Pages 62-63			
Diversity and equal opportunities					

GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Page 60			
GRI 405: Diversity and Equal Opportunity (2016)	Disclosure 405-1 Diversity of governance bodies and employees	Pages 60-61			
GRI 406: Non-discrimination (2016)	Disclosure 406-1 Incidents of discrimination and corrective actions taken	Page 61			
Responsible supply-chain management					
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Pages 48-50			
GRI 407: Freedom of Association and Collective Bargaining (2016)	Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Pages 48-50			
GRI 408: Child Labor (2016)	Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor	Pages 48-50			
GRI 409: Forced or Compulsory Labor (2016)	Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Pages 48-50			
Patient health and safety					
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Pages 40-43			
GRI 416: Customer Health and Safety (2016)	Disclosure 416-1 Assessment of the health and safety impacts of product and service categories	Pages 40-43			
	Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Pages 40-43			

GRI 417: Marketing and Labeling (2016)	Disclosure 417-2 Incidents of non-compliance concerning product and service information and labeling	Pages 40-43			
Data Privacy					
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Pages 40-43			
GRI 418: Customer Privacy (2016)	418-1 Denunce comprovate riguardanti le violazioni della privacy dei clienti e perdita di dati dei clienti	Pages 40-43			