

Carbon Reduction Plan Template

Supplier name: Chiesi Farmaceutici Spa / Chiesi Limited



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Commitment to achieving Net Zero

Chiesi is committed to achieving Net Zero emissions by 2030 for scope 1 and 2 (own operations), and by 2035 for scope 3 (our value chain)¹. The targets have been set at Group level and apply to our UK entity, as it is wholly owned by the parent entity.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases (GHG) that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Chiesi is committed to reducing its GHG emissions in line with the Paris Agreement's most ambitious goal of limiting global temperature rise to 1.5°C above pre-industrial levels by 2100.² To this end, we aim to achieve Net Zero emissions on direct GHG emissions from purchased electricity and heat (Scope 1 and 2) by 2030 and on all other indirect GHG emissions (Scope 3) by 2035.¹

Baseline emissions footprint is reported here below only for our United Kingdom subsidiary (Chiesi Limited). These include emissions from our sites in Chippenham and Manchester.

Baseline Year: 2019	
Additional Details relating to the Baseline Emissions calculations.	
Back in 2019, Chiesi Group wanted to explore the potential to develop and commit to Science Based Targets (SBTs), progressing along the path to achieve carbon neutrality by 2035. To do this, GHG emissions from the baseline year must be calculated. Chiesi set the baseline as 2019. Emissions are calculated using the Operational Control boundary. Scope 1 and 2 emissions include energy consumption from our two UK sites, as well as emissions from our UK car fleet.	
Baseline year emissions: 2019	
EMISSIONS	TOTAL (tCO₂e)
Scope 1	869
Scope 2	131 (Location-based approach) 111 (Market-based approach)
Scope 3 (Included Sources)	Upstream transportation & distribution: 163 Waste generated in operations: 1 Business travel: 216 Employee commuting: 101 Downstream transportation & distribution: 16

¹ Chiesi Group. *Sustainability Report 2022*. www.chiesi.uk.com/pdf/sustainability-report-2022.pdf.

² United Nations Climate Change. Key aspects of the Paris Agreement. <https://unfccc.int/most-requested/key-aspects-of-the-paris-agreement>

Total Emissions	1496 (Location-based approach) 1476 (Market-based approach)
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Current Emissions Reporting

Reporting Year: 2022	
EMISSIONS	TOTAL (tCO₂e)
Scope 1	512
Scope 2	143 (Location-based approach) 0 (Market-based approach)
Scope 3 (Included Sources)	Upstream transportation & distribution: 170 Waste generated in operations: 4 Business travel: 197 Employee commuting: 67 Downstream transportation & distribution: 26
Total Emissions	1118 (Location-based approach) 975 (Market-based approach)

Emissions reduction targets

An overall reduction was observed in 2022 compared to the baseline year (table below). At group level, Chiesi was able to reduce by 1% scope 1 emissions and scope 2 by 95% (Market based approach).³ Total scope 3 emissions (included sources) were cut by 5%, mainly from the reduction of waste generation, business travel and employee commuting. Similarly, the UK affiliate, Chiesi Limited, had a reduction up to 7% in its scope 3 categories (mostly by business travel) and for scope 2 the affiliate lowered emissions to zero (via 100% renewable energy purchased). Chiesi Limited also reduced its scope 1 emissions by more than 40%.³

	Chiesi Group	Chiesi UK
Category	19-22 % Change	19-22 % Change
Scope 1&2		
Scope 1	-1%	-41%
Scope 2 Location Based	-13%	9%
Scope 2 Market Based	-95%	-100%
Scope 3		
Total scope 3 (included sources)	-5%	-7%

Target

The company's emissions reduction targets (approved by Science Based Target Initiative in April 2021):

³ Data on file

- Chiesi commits to reduce absolute **scope 1** (direct greenhouse gas emissions generated) **and scope 2** (emissions associated with the purchase of electricity and heat) **GHG emissions by 70% by 2030** from a 2019 base year.³ This target will be achieved by improving operations:
 1. For scope 1, UK sites have already started adopting the use of biogas as a fuel. In addition, Chiesi is working to electrify 100% of its UK car fleet by 2030.³
 2. For scope 2, Chiesi Limited already uses 100% renewable electricity with plans to maintain this in order for market-based emissions to stay at zero. At a group level, we have a target to achieve 100% renewable electricity consumption by 2025. 99% of consumption came from renewable sources in 2022.³

Since the use of sold products was 74% of total scope 3 emissions in 2022, for Chiesi Group:

- Chiesi commits to reduce scope 3 GHG emissions from **use of sold products 80%** per unit of **respiratory product** sold by 2030 from a 2019 base year. This will be achieved by shifting to a propellant with a lower Global Warming Potential (GWP), currently in development. All affiliates including Chiesi Limited will benefit from this action.¹
- Chiesi commits to reduce absolute scope 3 GHG emissions from **use of sold products 90% by 2035** from a 2019 base year, thanks to a propellant with low global warming potential used in inhalers, currently in development. As above, all affiliates including Chiesi Limited will benefit from this action.¹

Carbon Reduction Projects

Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since the 2019 baseline for Chiesi Group, not only UK.

Reporting

- **Carbon Disclosure Project (CDP)**
In 2021, Chiesi submitted its first response to CDP to report transparently our performance in terms of GHG emissions and initiating the development of a carbon management plan. In 2022, Chiesi has been named on CDP's Climate Change A List for its commitment to climate action and transparency, placing among the 297 companies in the world that have achieved this recognition.¹
- **Task Force on Climate-related Financial Disclosure (TCFD)**
To fully understand the risks and opportunities deriving from climate change for our business, in 2022 we also completed a pilot project that was aimed at measuring the impact of such climate risks and identifying the path towards more resilient supply chains and business activities. We analysed climate related risks and opportunities in accordance with the recommendations of TCFD.¹
- **Science Based Target (SBT)**
Chiesi's GHG emission reduction targets have been approved by the Science Based Target Initiative (SBTi) in April 2021 and are aligned with the Paris Agreement's most ambitious goal to limit global temperature rise to 1.5°C above pre-industrial levels by 2100.²
- **GHG emissions reporting and Third-Party Verification**
Starting from 2019, every year Chiesi provides the carbon footprint calculation according to both GHG Protocol and ISO 14064 – 1 and submits a GHG inventory calculation (GHG Protocol and ISO 14064 – 1) to a Third-Party Verifier.
- **Streamlined Energy and Carbon Reporting framework (SECR)**
Chiesi Limited reports its GHG inventory to SECR every year. SECR comprises water management; waste; resource efficiency and materials; emissions to air, land and water; biodiversity and ecosystem services.

Projects and measures

- **The Better Building Programme**

Launched in 2020, Better Building is a global programme with the aim of improving the well-being of people working in our facilities as well as the sustainability performance of our sites, by reducing the environmental impact on natural systems and local communities, from the processes of new constructions to the operations of existing structures. The main targets of the programme are:

- Creating awareness and consciousness among the people working in the buildings, so that they can actively contribute for a better future;
- Making sustainable buildings when evaluating existing locations and designing sustainable buildings and offices when building new ones. In this way, Chiesi offices become models of local biosphere restoration (Planet) and of people's wellbeing improvement (People).

To date, the Better Building programme has implemented in 31 of our existing locations worldwide; in 2023 we plan to extend the programme to further 12 locations.¹

- **The Hydrofluoroalkane (HFA) capture system**

To reduce emissions coming from the production process of our (pMDIs), we introduced a dedicated HFA propellant cryogenic abatement system in the Italian and French manufacturing sites. The abatement system aims to prevent emissions containing fluorinated gas (F-gas) propellant to be released into the atmosphere by liquefying it instead.¹

- **Carbon Minimal Inhaler**

The transition to a low GWP propellant, currently in development, will enable Chiesi to reduce up to 90% the emissions related to the propellant gas, with significant reductions expected both in terms of production processes (Scope 1) and **use of sold products** (Scope 3).¹

In the future we plan to implement further measures such as:

Scope 1

- To reduce **process emissions** enabled by a €350 million investment plan to develop the first carbon minimal pMDI (pressurised Metered Dose Inhaler). This project involves the use of a propellant with a low Global Warming Potential to reduce the carbon footprint of pMDIs by up to 90%.¹
- Our strategy is focused on the adoption of **energy** saving strategies for stationary consumption (e.g. the adoption of heat pumps, photovoltaic panels, switch from natural gas to biogas and from diesel to biodiesel).
- In terms of **mobility**, Chiesi aims to reduce the environmental impact of its transportation structure by enlarging the electric car fleet and promoting the transition to fossil fuels to biofuels.

Scope 2

- Our strategy is focused on reducing improve energy efficiency (thanks to the implementation of ISO 50001:2018 energy management systems) and fostering 100% electric energy from renewable sources by 2025.¹

Scope 3

- In terms of **commuting**, Chiesi offers alternatives to its employees such as: contributions for train subscription; free urban bus subscription; dedicated shuttles to/from our facilities; free surveyed bike parking; biker's services (shower, changing rooms, dedicated parking); incentives (eg cashback for each certified sustainable home-to-work journey).¹
- A dedicated policy to limit **business travel** to strictly necessary situations, with the consequent decrease of the number of travels; implementation of videoconferencing technologies; the optimisation of the number of travellers; use of means of transportation with the lowest emissions of greenhouse gases; the organisation of meetings and events only in easily accessible locations.

- The development of our first carbon minimal inhaler will enable Chiesi to reduce the emissions related to the propellant gas by up to 90%, with significant reductions expected both in terms of production processes (Scope 1) and **use of sold products** (Scope 3).¹
- Chiesi aims to reduce the carbon footprint related to its **logistics** infrastructure. When possible, sea shipments are preferred to air, and sustainability is a key in selecting a logistic partner.

Note that the measures reported above have already been decided by Chiesi and will become effective starting from the year specified for each measure.

Declaration and Sign Off

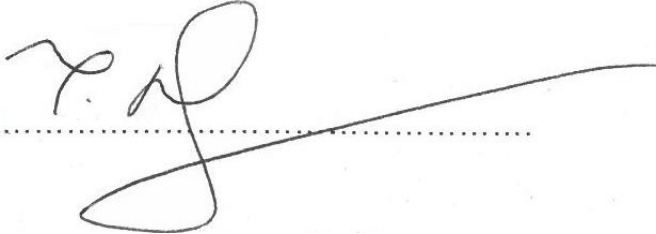
This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard⁴ and uses the appropriate [Government emission conversion factors for greenhouse gas company reporting](https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting).⁵

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.⁶

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier:



A handwritten signature in black ink, appearing to read 'Tom Delahoyde', is written over a horizontal dotted line. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Tom Delahoyde

Date: ...21/12/2023.....

⁴<https://ghgprotocol.org/corporate-standard>

⁵<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

⁶<https://ghgprotocol.org/standards/scope-3-standard>