

Communication on Progress (CoP): 2021

Kedron, by means of the release of the Communication on Progress, confirms its *commitment*, as of March 2005, to recognize and approve the 10 Global Compact Ethics Principles regarding human rights, employment, environment as well as the anti-corruption engagement.

Kedron, moreover, confirms to always and systematically apply these principles in its business management and activities.

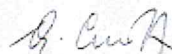
The Ethics Management System adopted by Kedron has been conceived and implemented on the basis of Kedron's observance to its ethics principles, of its employees and collaborators as reported in the Code of Ethics endorsed by the company.

Kedron, in compliance with the 245/2016 Decree, which absorbs the 2014/95 European Regulation, has drawn up and signed the Consolidated non-Financial Statement concerning the outcomes and activities of the 2020 year.

Such statement, herewith enclosed, outlines the main activities, the policies and the related results as well as the organizational models adopted and finally those risks generated and/or incurred in the environmental and social context, pertaining to employees, the respect of human rights and the anti-corruption engagement in its active and passive forms.

Kedron will be glad to provide you with any further clarification or more detailed info if you deem necessary regarding this Communication on Progress as well as on the Ethics Management System; your queries may be addressed to the Ethics Officer's email address: Ethics_Office@kedron.com.

Castelvecchio Pascoli, August 2, 2021



Alessandro Curotti
Global General Counsel & Ethics Officer
Kedron S.p.A.

Annex: Consolidated non-Financial Statement as at December 31, 2020.

4.15. 2019 CONSOLIDATED NON-FINANCIAL DISCLOSURE IN ACCORDANCE WITH LEGISLATIVE DECREE 254/2016

CEO Statement

Dear readers

Despite the year in which the devastation caused by COVID-19 pandemic has shocked our world, Kedrion continue its improvement and activities in the sphere of efficient use of energy resources, diversity and social activities. The Non Financial Disclosure (NFD) describes these activities.

Kedrion has updated all the necessary data for completing NFD, enriching with the news related to the reaction of the company for defend against Covid-19, protecting its employees, production plants and plasma collection centers and continuing in the production of drugs necessary to serv patients of all the world.

From an industrial point of view, Kedrion suffered a significant downturn of plasma collected, as also happened to all the other companies in the industry.

Referring to personnel, the measures adopted by the company for protect its employees have been efficient, limiting contagion and ensuring production going concern.

Kedrion prepare the Non Financial Disclosure since 2017. The NFD is prepared in compliance with the provisions of Legislative Decree 254/2016 (and following regulations), which transposed in Italy the European Directive 2014/95.

In the NFD the reader will find confirmation of Kedrion attention to environmental sustainability, respect for the rules and principles of ethics in business, attention to the development of people, scientific and applied research, relationship with communities.

The NFD 2020 has been prepared according to *GRI-Core* mode.

The text is the result of a broad global matrix in which the main legal entities of Kedrion and numerous functions have contributed to design the impact of our activities in the five areas that build the NFD: Environment, People, Social, Anti-corruption, Human rights.

For each of these areas we have described the organization put in place for their efficient management, as well as the processes, policies and related risk analysis (including initiatives for their mitigation), from a qualitative and quantitative point of view.

In 2020, despite pandemic, Kedrion workforce remain unchanged, confirming a slight prevalence of female personnel, which continue to increase his presence in responsibility

positions. We have continued our investments in training and the instruments of performance management are now consolidated.

From an environmental point of view, Kedrion has confirmed and consolidated its impact mitigation policies. For example, in 2020 total water consumption was lower than last year, also considering the major operations of Melville plant and precisely for efficiency policy in the use of water in that production plant; in addition, the reduction of the use of natural gas and natural gas have led to a minor overall use of energy.

Our activities for the social communities, even if excluding the ones performed for marketing purposes, have been mapped all over the world and show the profile of a company that interacts with frequency and mutual social profit with the reference territories (in particular, see the activities related to the pandemic). In addition, Kedrion carries its commitment in compassionate care area, for example through our new plasminogen project.

Finally, the company confirms its prevention and surveillance measures worldwide in the areas of *compliance* and equal opportunities and non-discrimination. Even in 2020 there were no cases of human rights violations or reports of episodes of corruption.

The 2020 NFD is published while the pandemic is still in ongoing, although mitigation, prophylaxis (vaccines) and possible treatments (among which hyper-immune immunoglobulins for which Kedrion is committed) activities make us hope that this can be leaved behind during 2021.

With this wish we invite you to read with attention this documents, which shows the path taken by Kedrion to a precise analysis and reporting of its activities regarding sustainability and Corporate Social Responsibility.

FOREWORD - COVID-19

In February 2020, Italy was one of the first European countries where the new Coronavirus spread, after originating in China in late 2019 and spreading in East Asia at the beginning of the new year.

After a few weeks, the spread of the virus had affected almost all the countries of the world, including the United States and Hungary, the two countries that, together with Italy, are the headquarters of the production sites and plasma centers of Kedrion, as well as those where most of the company's employees are based.

The pandemic continued throughout 2020, although cyclically, and is still ongoing as this non-financial disclosure is being written.

Kedrion quickly implemented contingency plans, creating a Covid-19 Response Team, rapidly transformed into the Covid-19 Global Response Team, and formed of almost all corporate functions (in particular EHS, HR, Operations, Quality & Regulatory, Medical Area, Communication).

The Response Team has focused on two objectives to be pursued jointly, namely the safeguarding of workers from infection risks and production continuity. The latter, as well as being fundamental to ensuring continued treatment for patients, was requested by the governments where Kedrion operates. In fact, these governments considered the segment in which Kedrion operates (pharmaceuticals) essential for society (this also applied to the plasma centers of the United States and Hungary, considered by local governments to be a strategic infrastructure not included in the lockdown policies).

For protection of workers' health, Kedrion allowed and then firmly recommended the broad use of the so-called 'smart working', allowing its use by all employees not involved in manufacturing activities in the broad sense. The company thus protected its plasma plants and centers, whose integrity was considered a vital issue.

For employees not included in the smart working program, stringent policies of social distancing, sanitization and cleaning of environments (offices, production departments and plasma centers, canteens and communal spaces, elevators, meeting rooms, etc.) have been adopted, together with rules of conduct aimed at obtaining the maximum level of hygiene of places and people. Where social distancing is not possible, employees have been provided with personal protective equipment (PPE) and the procedure of management of the emergency and the good practices to adopt has been continually reviewed. Lastly, the environments have been subject to additional cleaning and sanitizing activities concerning all the surfaces of major contact, such as handles, keyboards, push-buttons, etc.

Regarding the aspects related to production continuity in the broad sense (Operations, Maintenance, Quality Control, Quality Assurance, Supply Chain, Engineering, etc.), the company has kept in close contact with its entire supply chain to monitor any critical aspect, also for the processes not directly governed (for example the purchase of plasma from third parties, storage

and transport operations, the distribution of products in countries where the activity is not performed directly).

There were no interruptions in the supply chain in 2020, for any drug or region, and the company periodically informed the patients' associations and the scientific companies of this continued production activity.

Furthermore, the Kedrion Research and Development area took action and is involved in projects aimed at developing effective treatments for Covid-19, using the plasma of people who have recovered from it, both directly (after viral inactivation) and through the production of specific immunoglobulins.

4.15.1. INTRODUCING KEDRION

Kedrion is an Italian biopharmaceutical company that collects and fractionates human plasma in order to develop, produce and distribute plasma-derived drugs for the care and treatment of patients suffering from hemophilia, immunodeficiencies and other forms of serious pathologies. Kedrion is the bridge between donors and those in need of care and works globally to extend patient access to available therapies.

Headquartered in Italy and with a business presence in over 100 countries worldwide, it is the fifth largest player in the world and the first in Italy in the segment of plasmaderivatives.

Kedrion manages the entire plasma transformation cycle (procurement, production and distribution) and is based on a vertically integrated business model. The company has five production plants: three in Italy, two of which in Tuscany (in Bolognana and Castelveccchio Pascoli, in the province of Lucca) and one in the province of Naples (in Sant'Antimo); one in Hungary (in Gödöllő, near Budapest); and one in the United States (in Melville, New York State). All these production sites are certified internationally according to GMPs (Good Manufacturing Practices).

In Italy, Kedrion is a long-standing partner of the National Health System, with which it collaborates actively, pursuing the goal of self-sufficiency in the supply of plasma-derived drugs; at the same time, the company puts its experience and commitment at the service of communities and health systems around the world to achieve this same goal. Many Italian regions entrust plasma to Kedrion, which transforms it into drugs which are then returned to hospitals so that they can meet the treatment needs of the population.

Kedrion has plasma collection centers in the United States. The vertical integration of Kedrion allows a very tight control on its supply chain, also in consideration of the relevant weight that the raw material (human plasma) constitutes for its business. From this standpoint, there were no significant changes in the processes and activities along the supply chain in 2020.

In detail, Kedrion has invested and intend to invest in the next years on the increase of plasma centers directly possessed and managed, in a manner to aim to self-sufficiency in terms of the raw material needed at its own plants, that will make the business and its planning more sustainable and less dependent from third parties.

As far as the stakeholders are concerned, the company identifies the following as its main interlocutors, as is the case at other companies of a similar size and area of activity:

- Employees and their representative organizations
- Components of the global value chain (customers and suppliers)
- National, regional and local public institutions

- Independent and regulatory administrative authorities
- Public and private secondary education institutions, universities and advanced training institutions, as well as Departments and Scientific Research Institutes
- Local communities of production sites
- National and international financial community
- Patients' associations and the community of physicians
- Donor associations
- Other non-profit associations (Farmindustria, PPTA, etc.)

The list of the main stakeholders is identified through interviews with the corporate functions and offices exposed to the outside world and who have the burden of managing them and engaging them in corporate activities in the broad sense.

From this point of view, the management of the relationship with employees and with their representative unions is essentially handled by the human resources function, according to the internal laws and procedures intended for them. The relationship with public or regulatory institutions of all levels is the prerogative of the Chairmanship, which receives support from other functions (including Global Public Affairs, Regulatory, the Medical Area and the sales function for Italy); the relationship with academia and research is managed by the Research and Development department, under the coordination of the Chairmanship; relations with patient associations are managed by the marketing function under the close supervision of the Medical Area; relations with donors are managed by owned plasma centers or, in Italy, by the Donors Italy function; relations with local communities are mainly held by the Chairmanship, Global Public Affairs and by the management of the production sites; relations with associations such as Farmindustria and PPTA (Plasma Protein Therapeutics Association) are held by the company Chairmanship.

As far as Kedrion's participation in associations is concerned, the two most important are Farmindustria and PPTA, the association that brings together the world's leading plasma-activation or plasma collection companies; the chairman of Kedrion is a member of the Farmindustria Board and of the PPTA Global Board of Directors.

In addition to these memberships, Kedrion is also a member of Aspen Italia, founder of the Campus Foundation in Lucca and of the Tuscany Life Sciences Foundation in Siena, a member of the VITA Foundation of Siena, of the Lucchese Foundation for Higher Education and Research (FLAFR) and of the Civita association.

4.15.2. 2020 NON-FINANCIAL DISCLOSURE OF THE KEDRION GROUP

In compliance with the provisions of Legislative Decree 254/2016 and its amendments and additions (hereinafter also referred to as the Decree), which implements European Directive 2014/95 in Italy, this year Kedrion once again drafted a consolidated non-financial disclosure (hereinafter, "NFD") relating to the events of 2020.

The NFD of Kedrion is annual.

The NFD updates that of 2019, confirming that it has been drafted according to the "*in accordance - Core option*" of the GRI Standards; in addition, a materiality matrix was developed during the definition of the material issues, as required by the Standards themselves.

According to the provisions of Art. 5, paragraph 3a, of the Decree, this NFD is contained in the Management Report of the Consolidated Financial Statements and was approved by the Board of Directors of Kedrion S.p.A on March 15, 2021.

The NFD does not report on the governance structure of the company, precisely because it is included in the management report and is described there in detail. It should obviously be

emphasized that the various legal entities are administered by Councils, Boards or Managing Directors supported by Supervisory Boards.

The legislation requires the NFD to report the main activities, policies and related results, the organizational models adopted, the risks produced and/or suffered and the methods of managing them from an environmental, social and personnel-related perspective, respect for human rights and the fight against active and passive corruption, reporting both what is done directly by the company and what can be controlled along the supply chain and the effects for the stakeholders. From an organizational point of view, Kedrion's NFD 2020 was assigned by the CEO to the Chief Central Services (CCS) area, which formed a multifunctional working group. The CCS function is the contact point for any party interested in a more detailed analysis of the topics covered in the NFD and its construction process.

4.15.3. MATERIALITY ANALYSIS

In compliance with the provisions for transposition into Italy of European Directive 2014/95, Kedrion has once again drafted the **Non-financial Disclosure** (consolidated) on events that occurred in 2020.

The Disclosure is an integral part of the approval process of the financial statements and the report on operations. For its drafting, the company set up an **interfunctional work group**; this document has been prepared by the group and provides the working outline for preparation of the Non-financial Disclosure (NFD) of Kedrion for 2020.

The legislation requires the NFD to report the main activities, policies and organizational models adopted, the risks produced or suffered, from an environmental and social perspective, respect for regulations and for people, reporting both what is done directly by the company and what can be controlled along the supply chain and the effects for the stakeholders.

The NFD must include the parent company and the subsidiary companies, consolidated on a line-by-line basis, in its reporting perimeter. Any exceptions will therefore be described and substantiated in the NFD itself.

The NFD is divided into five subject areas: "Personnel", "Social", "Environment", "Human Rights", "Anti-corruption".

The materiality analysis designates, for each area, the topics deemed to have the greatest relevance, priority and impact for the company.

In certain cases, the work performed led to an area as a whole being considered as 'material' in itself, as is the case for "Human rights" and "Anti-corruption", while for others, namely the "Personnel", "Social" and "Environment" areas, the topic has been further divided into material topics.

From an organizational standpoint, and following the relative SOP, (Standard Operative Procedure), the NFD process was assigned by the CEO to the CCS (Chief Central Services) area of the company and to a work group

formed of a data collection coordinator and representatives of the HR, EHS, R&D, Legal and Ethics Office.

The material topics in each area were indicated by the department manager and the executive appointed to supervise the NFD; meetings were held, questionnaires and queries sent by e-mail, and the topics were selected together with colleagues at the various foreign affiliates of the Group responsible for this. The data collection process benefited from the experience of the last three years and the formats for collecting data used in the past have been improved and standardized.

The work group then met to consolidate the material topics that emerged, share them with the various areas and define them as indicated below.

For each material topic or area, the NFD must contain a description of the management model, the policies adopted and the risks associated with the topic.

Compared with the versions of the last three-year period, the 2020 materiality analysis also considers the emergency linked to the spread of the novel Coronavirus throughout the world, which has impacted significantly on the activities of Kedrion, its plants, plasma centers and offices.

The two areas most heavily affected by the health emergency are the ones relating to the people who work at Kedrion and to its production plants (plants and plasma centers).

The first priority of Kedrion during the pandemic was simultaneous protection of its collaborators and continuity of production of plasma and plasma-derived products, in a manner to ensure that patients throughout the world receive the care they need.

From the standpoint of personnel, the NFD will examine the broad use of work from home and the new digital tools provided to non-production staff (offices).

From the standpoint of the production plants and plasma centers, the company protected the plants from outside viral contamination as far as possible, strictly limiting access of non-production staff and providing production staff with personal protective equipment and strict operating protocols (such as social distancing and contact tracing).

In addition to this, as will be seen in the NFD, Kedrion performed social activities in favor of the Italian healthcare systems, particularly in the early months of the pandemic.

Entering into the specific areas of this year's NFD, the materiality analysis on the "Personnel" area identified the following topics as relevant:

- Management of the emergency linked to the novel Coronavirus

- Management development
- Corporate welfare

The topic of *management development* continues to be crucial for a company operating in a challenging and concentrated competitive context where extremely large players are present. Specific attention was focused on the topic in 2020 and it will be developed and reported in the NFD, following activities such as management training, career paths, rewarding mechanisms and performance management.

The topic of *corporate welfare* will be examined through the most successful local experiences, remembering the guidelines and the cultural approach that the company suggests for this topic of engagement and gratification, including non-financial gratification, of its people.

During 2020, the company examined in greater detail the aspects related to the topic of gender diversity and focused on comparing Kedrion's structure (governing bodies, personnel distribution, average salaries) to the one of other pharmaceutical companies.

The analysis highlighted a substantial alignment of Kedrion with the reference benchmark.

In addition to this, the company started several activities aimed at reducing the gender gap, such as giving itself the objective of closing the gap, between genders, in the percentage of employees entitled to a system of variable remuneration (MBO), or continuing its associative activity in Value D, a program that provides training tools and dedicated consultancy to managers.

The materiality analysis of the "Social" area identified the following two topics.

- Relations with local communities and research on compassionate use drugs
- Response and reaction to the emergency linked to the novel Coronavirus

■ For relations with local communities, the NFD will indicate the major examples of attention focused on the local areas and dialogue with the social partners (and will update about two compassionate projects carried on by the company). In addition, we will give evidence of fiscal responsibility of Kedrion in the Countries in which the Group operate.

■ Concerning the activities linked to Kedrion's response to the novel Coronavirus emergency, this year's NFD will also highlight the principal actions taken in 2020 in favor of healthcare institutions, particularly Italian ones.

Due to the emergency, Kedrion suspended research activities focused on essentially social and compassionate care purposes, so there is no reporting on these activities in this edition of the NFD.

The materiality analysis on the EHS (Environment, Health and Safety) area highlighted the following topics, confirmed with respect to previous years:

- Water consumption and water cycle
- Renewable and non-renewable energy consumption
- Direct and indirect emissions
- Waste production
- Injuries (occupational health and safety)

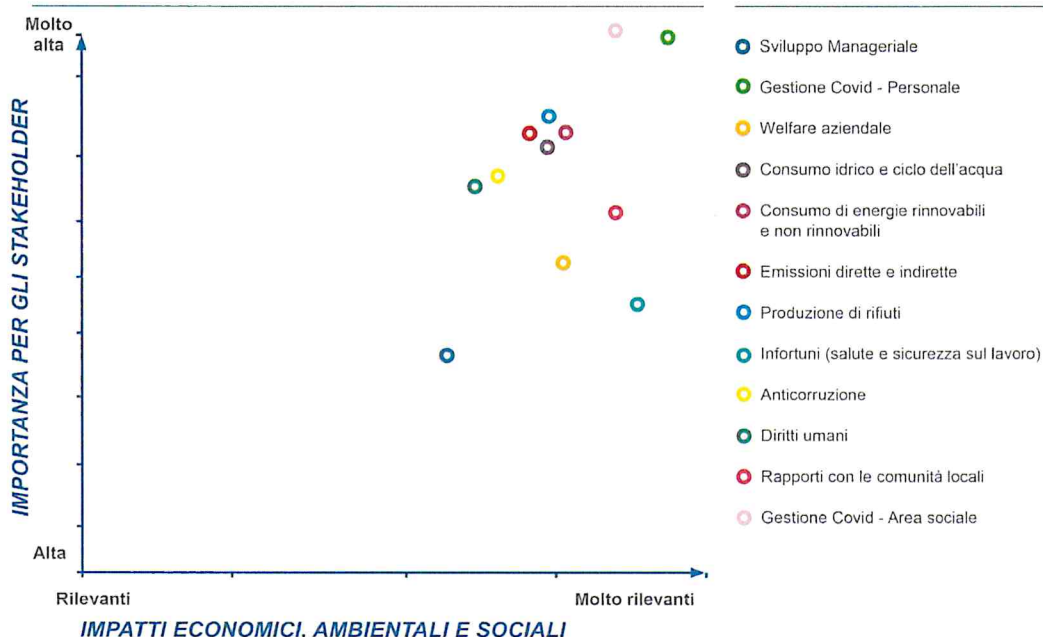
Compared with other areas, the choice of topics in this case followed the content of regulations, consistently with the fact that Kedrion is a manufacturing company and has production sites where the environmental impact must be taken into account.

For the "Human rights" and "Anti-corruption" areas, both within the company itself and along the supply chain, the materiality analysis led the company to identify these areas as 'material topics' in themselves and it therefore did not further divide them into sub-topics.

The topic of human rights will be examined starting with the organizational structures and the policies adopted to monitor this topic appropriately, while the topic of anti-corruption, intended as both active and passive, will be discussed considering the company perimeter and the activities performed by the various legal entities. 2020 was actually the first full year of activity of the Kedrion global compliance function, created in 2019.

The materiality matrix highlights the relevance of material topics with respect to two dimensions: on the horizontal axis, the importance in terms of economic, environmental and social impact generated by the company's activities and, on the vertical axis, the relevance of the topics from the stakeholder point of view.

MATRICE DI MATERIALITÀ



4.15.4. GENERAL POLICY ON SUSTAINABILITY TOPICS

Due to the specific nature of the products manufactured, Kedrion helps people, communities and institutions attenuate and remove the obstacles that prevent them from enjoying the right to life, liberty and safety.

Kedrion contributes to the production and distribution of medicines derived from human plasma, which help improve people's quality of life. It works to maintain the highest sector standards; it operates to consolidate its own role as a recognized representative of the medical and scientific, healthcare and institutional community.

The policy adopted by Kedrion provides for a risk analysis on sustainability issues and the adoption of prudential policies and processes to avoid accidents or non-standard behavior; more specifically, for each of the following areas (Employment, Social, Environment and Safety, Anti-Corruption and Human Rights), the functions involved have indicated the risks to which they are subject, and the mitigation measures adopted to prevent and manage them.

4.15.5. "EMPLOYMENT" AREA

In 2020, Kedrion dealt with the pandemic in a geographical context characterized by the decisions and initiatives taken by national governments.

Kedrion implemented the tools already outlined in the foreword to the NFD, adapting them to needs, always with respect for the health of workers, and guaranteeing production continuity during the year.

The HR department launched a round table (the "People Forum") with a team of ten managers appointed by each department, who discussed the People Agenda of Kedrion, namely the work programs to support employee motivation. During 2020, the People Forum held nine meetings, discussing topics such as cultural change, the performance management process, methods of engagement and involvement of people.

The company also undertook a set of listening and discussion initiatives with managers and employees throughout the world in 2020. These initiatives included a series of surveys and groups with employees, culminating in a survey performed in December 2020, on 282 managers, on understanding of the mission and the strategy, involvement of people and the corporate culture, the role of the company leadership, the context of the processes and technological support for the "way of working" of the people at Kedrion and communication skills and abilities to change.

Kedrion believes that making shared decisions not only allows employees to be primary players, but also leads to better decisions, and that personal and professional growth requires challenges and the possibility of making constructive criticisms. The history of Kedrion as a family business leads it to recognize and promote, for example, a good balance between free time and work time, treasuring diversity and at the same time seeking common values. Kedrion works in a way that makes sure that the health and safety of employees are not left to chance or good intentions, by adopting a management system based on safety policies subject to frequent reviews when changes are made, including new processes, activities or production plants.

At December 31, 2020, the Kedrion workforce numbered 2,640 people, against 2,615 at the end of 2019 (+0.95%). The group's corporate population is concentrated in Italy (42%), in the United States (42%) and in Hungary (14%), countries where production plants and plasma collection centers are located; a residual portion (1%) is based in other locations, mainly in Europe. As in 2019, the number of women on the total workforce, numbering 1,411 people, remains at 53% of the total, whereas the number in the professional category of "Directors" increased (thirty, against twenty-three in 2019).

Breakdown of employees by region 2018-2020			
	2018	2019	2020
Italy	1,146	1,147	1,128
Hungary	368	359	363
Germany	158	17	15
Rest of Europe	13	11	11
USA	870	1,065	1,105
Rest of the World	16	16	18
Total	2,571	2,615	2,640

The form of contract applied to almost all Kedrion staff is the permanent one (97.7% of contracts, as in 2019). It should also be noted that 57% of personnel is covered by collective agreements, the remaining part by individual contracts. More specifically, all employees except those in the United States, who stipulate individual employment contracts, are covered by a national collective bargaining agreement or company collective agreement.

Breakdown of employees by type of contract							
Region	Fixed-term contract			Permanent contract			Total workforce
	Men	Women	Total	Men	Women	Total	
Italy	26	22	48	643	437	1,080	1,128
Hungary	4	16	20	158	185	343	363
USA	-	-	-	376	729	1,105	1,105
Rest of the World	-	-	-	22	22	44	44
Total	30	38	68	1,199	1,373	2,572	2,640

With reference to the breakdown by professional category, in 2020, 49% of employees is in the "Blue collar" category and 47.5% in the "White collar" category. The "Directors" category, on the other hand, represented 3.5% of total employees at December 31, 2020.

Kedron includes, in the "Directors" category, the personnel in managing or executive positions; employees employed in the offices or, if in a plant, holding the qualification of supervisor or manager (for example in plasma centers in the USA) are included in the "White collar" category; the "Blue collar" category is formed of employees employed for manual labor (workers, logistics and warehouse workers, other operators, etc.).

Total number of employees by category and gender for the three years 2018-2020									
Category	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Director	68	22	90	65	23	88	65	30	95
White-collar	579	765	1,344	534	738	1,272	518	737	1,255
Blue-collar	596	541	1,137	620	635	1,255	646	644	1,290
Total	1,243	1,328	2,571	1,219	1,396	2,615	1,229	1,411	2,640

The number of women on the workforce remained aligned with 2019. Use of part-time contracts in 2020 remained stable with respect to 2019.

Total number of employees by type of contract for the three years 2018-2020									
Type of employment	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-Time	1,224	1,212	2,436	1,212	1,362	2,574	1,222	1,375	2,597
Part-time	19	116	135	7	34	41	7	36	43
Total	1,243	1,328	2,571	1,219	1,396	2,615	1,229	1,411	2,640

During 2020, there were 823 new entries at the company, divided between Italy, Hungary, Germany and the United States; there were only seven new entries in the Rest of the World (ROW) in 2020. The total number of entries in 2019 was 917.

Total new entries by region and age groups at 12.31.2020 ¹				
Region	< 30	30-50	>50	Total
Italy	18	24	5	47
Hungary	18	29	6	53
USA	394	284	45	723
Rest of the World	-	7	-	7
Total	430	344	56	830

Compared to 2019, the number of new entries fell by 9.5%, from 917 to 830. In particular, female new entries fell by 11.5% and male ones by 4%.

Total new entries by region and gender for the three years 2018-2020 ¹									
Category	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Italy	34	32	66	36	44	80	22	25	47
Hungary	21	55	76	25	44	69	24	29	53
Germany	13	40	53	0	8	8	1	1	2
USA	288	652	940	185	573	758	188	535	723
Rest of the World	0	0	0	1	1	2	2	3	5
Total	356	779	1,135	247	670	917	237	593	830

The figure on new entries must be interpreted together with the one on exits, the main causes of which were resignations of employees (also interpreted from the viewpoint of the turnover rate - see the table below), dismissals and consensual terminations.

The difference between the hires and terminations of the Group in 2019 does not coincide with the growth of the workforce between 2019 and 2020, shown in the table *Breakdown of employees by region*. The difference derives from the fact that this table shows only the employees at December 31, while the data relating to hires and terminations also include non-employees (e.g. temporary contracts, even of very short duration). The company often uses contracts of this type to meet seasonal and specific needs, especially in the case of plasma centers.

Total exits by region and age group at 12.31.2020				
Region	< 30	30 - 50	> 50	Total
Italy	4	26	36	66
Hungary	11	28	10	49
USA	339	293	51	683
Other	-	5	2	7

Total	354	352	99	805
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Total exits by gender at 12.31.2020

Region	Men	Women	Total
Italy	44	22	66
Hungary	22	27	49
USA	158	525	683
Other	3	4	7
Total	227	578	805

Number of exits by cause in the three years 2018-2020

Reason	2018	2019	2020
Resignation	331	537	564
Dismissal	20	146	206
Retirement	10	11	7
End of contract	17	18	14
USA plasma centers sale	240	128	0
Other*	378	33	14
Total	996	873	805

* "Other" comprises the terminations not counted in the previous categories (death, failed trial period, etc.).

Concerning the turnover rate linked only to resignation, which is significant, particularly in the United States, Hungary and Germany, this is linked to the dynamics typical of plasma collection centers, in which the labor market, the competitive environment and the professional figures employed result in frequent job changes. In 2020, turnover due to resignations (22%) increased slightly on 2019 (20%), due to the combination of several reductions compared to 2019 in Italy (was 3.5%) and Hungary (was 16.7%), with an increase in the USA (was 39.5%).

Turnover rate due to resignations during the period considered by region and gender

Region	Turnover rate¹¹	Number of people resigning	Women resigning in the period	Men resigning in the period
Italy	1.1%	12	6	6
Hungary	10.2%	37	20	17
USA	46%	513	415	98
Total	22%	562	441	121

Turnover rate due to resignations during period considered by region and age

¹¹ The figure includes and considers only voluntary resignations at December 31. It does not include:

- terminations of temporary contracts opened and closed during 2020;
- terminations due to other causes (retirement, dismissal and/or consensual terminations).

Region	Turnover rate	Number of people resigning	< 30	30 - 50	> 50
Italy	1.1%	12	-	10	2
Hungary	10.2%	37	11	20	6
USA	46%	513	260	222	31
Total	22%	562	271	252	39

Turnover rate due to other reasons in the period considered by region and gender

Region	Rate of Turnover	Number of exits for other reasons	Women exiting for other reasons	Men exiting for other reasons
Italy	4.8%	54	16	38
Hungary	3.3%	12	7	5
USA	15.4%	170	110	60
Total	9%	236	133	103

Turnover rate due to other reasons during the period considered by region and age

Region	Turnover rate	Number of exits for other reasons	< 30	30 - 50	> 50
Italy	4.8%	54	4	16	34
Hungary	3.3%	12	-	8	4
USA	15.4%	170	79	71	20
Total	9%	236	83	95	58

The main risks associated with personnel, in Kedrion, are linked to two factors: on the one hand, the technological content and the complexity of the plasma processing processes; on the other hand, the geographical location of the plants and production sites. For both reasons, there are difficulties in finding the right talents with the technical and scientific skills and experience required to cover the key roles, and the pool of talent available in the company is relatively limited.

It is therefore important to carry out risk mitigation activities, ensuring, on the one hand, the accumulation of technical skills, obtained by investing in technical / professional training and ensuring the permanence of people in the roles; on the other hand, using tools that favor retention for figures with key know-how that is not easily replicable. These mitigation activities take place through HR policies aimed at promoting well-being in the workplace, professional development and investment in the person. The tools most often used are people review, management of individual development plans and performance management.

Kedron is engaged in continuous discussion with workers' representatives at all levels: European, national, local.

For example, Kedron S.p.A applies and complies with the provisions of the National Collective Bargaining Agreement for the Chemical-Pharmaceutical sector. In addition to the national collective agreement, in Kedron S.p.A there are second-level agreements which provide for financial rewards linked to the achievement of significant results, both as regards profitability and productivity (result bonuses).

Furthermore, HUMAN BioPlasma has signed second-level agreements that provide for financial rewards aimed at making the company competitive on a dynamic and evolving job market. Finally, employee listening programs (focus groups and climate surveys) have been conducted both in the US and Hungary, aimed at improving the engagement of company staff.

On the gender diversity side, during 2020 the company compared the gender data for the managerial population, detecting a substantial correspondence with the benchmarks for the pharmaceutical sector provided by our professional partner, an international consultancy company in the human capital sector.

Furthermore, the company started several activities aimed at reducing the gender gap, such as giving itself the objective of closing the gap, between genders, in the percentage of employees entitled to a system of variable remuneration (MBO), or continuing its associative activity in Value D, a program that provides training tools and dedicated consultancy to managers.

MANAGEMENT OF THE CORONAVIRUS PANDEMIC

As said in the beginning, Kedron has dealt with the pandemic by prioritizing the health and well-being of workers and the production and logistics continuity needed to ensure that patients continue to get the treatment they need. Therefore, starting in February 2020, Kedron rapidly implemented the necessary contingency plans.

In the context of smart working it was possible to define a "work from home" policy for employees in the non-production areas, with a significant effort in terms of IT equipment and network infrastructure.

Support of the "way of working" required to manage the pandemic required training in "smart" working methods and the ability to manage teams remotely. Both e-learning tools and a series of webinars were used, involving a total of 297 employees.

MANAGEMENT DEVELOPMENT

As already said, Kedron created a People Forum in 2020, to build and implement the main employee motivation and development programs. The work of the forum started in February 2020 and continued throughout the year, touching on topics such as management training, performance management, communication and engagement.

The topic of managerial development, in this Non-Financial Disclosure, will be developed by describing the training activities, the performance and talent monitoring system and the remuneration and rewarding policies.

TRAINING ACTIVITIES

Promoting a culture focused on training and skills development allows the organization to have the solidity and flexibility essential to successfully face future challenges.

Therefore, Kedrion devotes particular attention to the issue of training, recognizing the importance it has in building knowledge and maximizing both the technical-specialist skills of its resources and the managerial ones.

Through the Kedrion School, the company supports the objectives of internationalization and evolution of teaching, also through the use of digital tools and the consolidation of the managerial and leadership model.

During 2020, the company developed, among others, the following training and managerial development paths:

- The fourth edition of the international Kedrion Management Development Program (KMDP), aimed at talented people throughout the entire group, was held: eighteen managers from five countries and representing all company departments;
- a plenary session for 100 key company people, dedicated to the topics of digitalization and including a survey on the state of the digital skills and mindset of the managerial population;
- People Management Journey. Path for newly appointed leaders, two classes for a total of thirty Italian employees.
- Technical educational program (third edition) for a group of around seventy people in Italy and twenty-six in Hungary
- Specific on-line training on smart working.

The common factor of these courses is an innovative vision of training, involving a combination of collaborative learning, mentorship and project work experiences with traditional classroom and distance learning techniques.

Based on the recommendations of the People Forum, a management training program was created for the company's middle management. The program, called "Seeds of Leadership", involved 144 managers in the USA, Italy and Hungary and focused on the topics of leadership, change, active listening, feedback and delegation. In 2021, training activities will continue, with topics such as cross-functional cooperation, project management and continuous improvement.

In order to improve the management of the training process and generate more effective training experiences, Kedrion has enriched its HRIS (KedPeople) system with a management module for the collaboration process (Jam).

The purpose of the new tool is to simplify collaboration and internal communication of employees, facilitating the creation of internal content channels, their use according to the interests of each and the importance element of peer-to-peer dialogue between employees.

As for the entire KedPeople system, with this new module the Company supports the professional growth of employees through the development of skills and knowledge in a constantly changing work environment.

Furthermore, thanks to the feedback received during the annual human capital review (the so-called People Review), it was decided to invest in certain critical phases of HR management, namely feedback from male and female collaborators and the preparation of efficient individual

development plans. As part of this initiative, 210 people received training in 2020, through classroom teaching and e-learning solutions.

Through local initiatives, both through external providers and by exploiting the training skills of employees, Kedrion has made further, significant investments in training to improve and update the skills necessary for the correct performance of the activities related to the role covered.

Summary of hours of training held in 2018, 2019 and 2020 for gender

Year	Men	Women	Total Hours	Average hours for employee
2020	9,434.0	7,418.0	16,852.0	6.4*
2019	12,253.0	11,666.0	23,919.0	9.1*
2018	13,456.6	8,201.4	21,658.0	8.4*

* The average is calculated on the number of total employees at the end of the year

Summary of hours of training held in 2020 for region and professional category

Region	Directors	White Collar	Blue Collar	Total
Italia	715	8,901	187	9,803
Hungary	420	2,776	1,948	5,144
USA	87	1,736	82	1,905
TOTAL	1,222	13,413	2,217	16,852

PERFORMANCE MONITORING

In continuity with previous years (at Kedrion, the performance assessment system has existed since 2009 and since 2014 it has become a global system), the process of annual assessment of individual performance, of strategic importance in the development of human resources, took place in 2020. Compared to 2019, the population involved increased from 1,942 to 2,051 people; the process involved 77% of the population (in 2019, 74% of the company population was involved) and 100% of Executives and Senior Management, as recipients of incentive programs (MBO). The increase mainly benefited the female population, which went from 962 to 1033 (+7.3%).

Number of employees involved in Performance Management process in the three years 2018-2020 by region and gender

Region	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Italy	628	383	1,011	647	391	1,038	653	403	1,056

Hungary	22	10	32	22	10	32	22	12	34
Germany	5	4	9	4	4	8	4	3	7
USA	51	40	91	254	395	649	296	539	835
Other	3	0	3	4	2	6	5	5	10
Total	709	437	1,146	931	802	1,733	980	962	1,942

Number of employees involved in the Performance Management process
in 2020 by category and gender

Category	Men	Women	Total
Directors	57	24	81
White collars	513	636	1,149
Blue collars	448	373	821
Total	1,018	1,033	2,051

According to the KedPMP (Kedrion Performance Management Process), depending on the different roles, employees are assessed on the basis of the achievement of departmental and individual objectives and of the level of possession of the competencies provided for in the leadership model.

The system envisages homogeneous assessment criteria at Corporate level for managerial roles and homogeneous assessment at Country level, in compliance with local specificities, for non-managerial roles.

During 2020, Kedrion implemented a review of the performance assessment process, which generated a series of improvements, related to the simplification of the goal setting and assignment of assessment phases, to the inclusion of the leadership model in the assessment system, facilitating the mid-year monitoring and review phase, which currently essentially covers the whole year, and, lastly, the new support tools to manage the process (FAQ, webinar, etc.).

At Corporate level, there is an MBO system, the process of which is constructed in such a way as to guarantee transparency in the assignment and assessment of objectives and the greatest possible homogeneity in the feedback assessment and management criteria.

In 2017, Kedrion also introduced a global potential assessment process, crossed with the performance assessment. This process is called People Review and involved 360 managers and professional consultants in 2020. The aim is to increase management's ability to identify dedicated development paths that are consistent with company needs in terms of succession plans and replacement tables.

REMUNERATION AND REWARDING POLICIES

As regards the Rewarding and Compensation areas, Kedrion has already started a review of the positions assessment policies in recent years that allows for a segmentation of roles valid throughout the group and in compliance with local specificities, with the aim of promoting remuneration policies, development and management of people who value the principles of fairness and transparency.

Within the Group, remuneration policies are aimed at guaranteeing competitiveness on the labor market, in line with the growth and retention objectives of human resources, as well as at differentiating the remuneration tools based on individual professional skills and competences.

Kedron has a remuneration system that differentiates employees on the basis of the professional category to which they belong, and/or the role held, which, in addition to the fixed remuneration component, can also include incentive systems (short and long term) linked to individual and corporate objectives.

Within the company, according to Corporate rules but applied to local situations, an annual Salary Review process is envisaged, linked to the outputs of the performance and potential management process.

At the level of each legal entity of the Group, there is a system of benefits for employees which, depending on the specific role, context and local laws and reward choices, can vary from supplementary health insurance to life to accident insurance, from joining supplementary pension funds to modular packages of benefits to support family life choices (study of minors, home care, medical visits, travel, etc.). The benefits are assigned according to local procedures and are, within the same organizational category, assigned to all employees regardless of the duration and type of contract.

In particular, there are no differentiations between part-time and full-time employees.

ENGAGEMENT

During 2020, Kedron introduced a system of listening to employees and an analysis and intervention process centered on improvement of the levels of engagement and motivation of people.

This initiative is focused on:

- the creation of an internal forum of managers and representatives of the Human Resources department, called People Forum, which has identified several areas of intervention, starting with a cultural change, skills to be developed and priorities to pursue from the "people" perspective
- management of a series of listening moments (the so-called focus groups) on topics such as alignment with company strategy, discussion of the strategic options available and the trade-offs to be managed
- the launch of several surveys among employees (on smart working in Italy and Hungary, with around 500 employees invited to participate, on management of performance with around 190 managers and employees and, towards the end of 2020, on organizational efficiency with 350 managers)

These initiatives were then included in a transformation program to follow in 2021.

CORPORATE WELFARE

Kedron is committed to identifying and promoting initiatives that favor an ever-greater balance between private and professional life.

As an example, some projects in this area are shown below.

- In the United States (KBI), in accordance with local laws, there are several Flexible Working Hours initiatives, which provide that part of the work can be done remotely;
- in Italy (Kedron S.p.A), starting from the pilot project launched in 2018, Kedron confirmed and extended the smart working policy to the entire company population, with the sole

exclusion of personnel assigned to laboratory activities and production departments. In the manner established by Kedrion S.p.A, employees enjoy, in compliance with an agreed company regulation, the freedom to choose the preferred way of working remotely (other company sites, their residence or domicile or other places, provided they are suitable in terms of compliance with the workplace safety regulations), for a maximum of six working days per month. Furthermore, Kedrion fully implemented the local public transport service for the Bolognana site, funding part of its financial cost.

OCCUPATIONAL HEALTH AND SAFETY

Kedrion adopts policies to:

- Promote the culture of safety at every organizational level;
- Support initiatives aimed at improving working conditions;
- Support local offices in management of occupational safety and in monitoring its performance.

These policies are supported and coordinated centrally by the EHS function, through the dissemination of guidelines, sharing of tools and skills and monitoring of key indicators.

The Italian and Hungarian facilities have adopted an OHS management system complying with the ISO 45001 standard, for which certification of passage from the previous OSHAS 18001 standard was issued.

In addition to the preventive and protective measures adopted at local or national level, initiatives such as accident management are implemented at a global level and mainly concentrated at the production sites to reduce the risks for employees, visitors and staff of external companies, as well as the local community.

The EHS Global structure therefore monitors and supports local functions in the management of accidents, starting from identification of the causes, to then share the results of the analysis with the other sites through a "safety alert" system, so that everyone can learn from the errors and prevent the occurrence of new events.

On a global level, the general objectives are shared and then implemented by the local companies and are monitored through key indicators such as frequency and severity.

As part of the Operations function, the "Zero Accidents" objective is confirmed and monitored globally through indicators that measure frequency and severity.

Another objective launched globally and implemented by the Italian, Hungarian and US production sites is to achieve the highest level of safety culture, through the active participation of all employees in reporting, in addition to accidents, the so-called "near misses" or missed accidents, unsafe situations or behaviors and also in offering suggestions for improvement, setting as a minimum annual target a number of reports equal to one for every three employees. This indicator, including the ratio between accidents, near misses and reports, is monitored monthly at local and global level.

Although the Covid-19 situation required a consistent commitment to managing the emergency and guaranteeing the maximum level of safety for internal and external personnel and their families, the activities to improve the H&S management system continued, although different operating methods were adopted with respect to the requirements and recommendations to minimize the Covid-19 risks, such as efficient internal and external audits performed remotely and training being performed almost completely on line. Local or global safety meetings were also held according to schedule, but again remotely.

Activities such as safety tours and investigation of accidents or near misses, for which presence is necessary, were performed in compliance with the anti-Covid measures required or recommended by the local and international authorities and promptly introduced by the company, without undermining their efficacy in any way.

The following table shows the distribution of events, lost days and frequency and severity indicators by geographical area in 2019:

Distribution of injuries by region at 12.31.2020					
Region	Number of events	Number of days lost	TIR*	LWR*	Worked hours
Italy	7	83	0.75	8.90	1,864,552
USA	37	153	3.58	14.80	2,038,040
Hungary	8	115	2.61	37.49	613,491
RoW	0	0	0	0	72,000
TOTAL	52	351	2.25	15.2	4,618,083

* The indicators used are the TIR (Total Injury Rate) and the LWR (Lost Workdays Rate)

The percentage of accidents occurring to female personnel is indicated with an approximation that depends on the fact that part of the accidents relating to the American plasma collection centers do not report the names of the people involved for reasons of privacy.

The range therefore varies from a minimum of 44% to a maximum of 78%.

The accident trend in the three-year period 2018-2020 is shown below:

Table of Contents	2018	2019	2020	Variation 2020/2019
Number of injuries	48	55	52	-5.4 %
Number of days lost	571	796	351	-55.9%
TIR	2.2	2.47	2.25	-8.9%
LWR	26.7	35.8	15.2	-57.5%

The overall figure for 2020, compared with the previous year, shows a decrease in the number of events and a significant decrease in the number of days lost in absolute terms. The TIR and LWR indicators, which take account of the hours actually worked, shows a slight decrease.

The most frequent types of accident are impacts and crushing, slipping, contact with material constituting a potential biological hazard (puncture wounds or splashing), strains or sprains, cuts and abrasions.

Distribution of accidents across the various company areas confirms good performance in the areas at greatest risk, namely the production plants which reported, at global level, seventeen so-called recordable events, of which fourteen with a recovery time of at least one day (LTAs, Lost Time Accidents), with a TIR=1.59 and an average recovery time per event of twelve days.

A significant contribution to the number of "recordable" events and the frequency rate was made by the US plasma collection centers, with thirty-two events and TIR=4.2.

In contrast, the severity rate was relatively low (LWR=15.5), due to the presence of a high number of recordable events that did not result in lost days, linked mainly to contact with material constituting a potential biological hazard.

INJURIES TO EXTERNAL PERSONNEL

There were two episodes involving external personnel (collaborators or people operating in areas under direct company responsibility and/or following its directives) in 2020.

Both events occurred at the Italian plant in Tuscany and neither had serious consequences.

One case involved slipping and the other cutting, with respective recovery times of twenty-two and four days.

The frequency rate given by the number of events out of total hours worked at the company (multiplied by a coefficient of 200 thousands) takes into consideration, in counting the number of events, all the companies whose employees work at the Kedrion facilities, and uses as the denominator, simply as a precaution, only the hours worked by companies with work contracts at an hourly payment rate, excluding the hours worked for "fixed" payment.

$$TIR = 2 \times 200,000 / 222,647.21 = 1.80$$

OCCUPATIONAL DISEASES

There are areas present at Kedrion in which health and safety risk factors have been identified. In detail:

- Video terminals, micro-climate and lighting, fire/explosion and work-related stress, present in all the activities, from administration to production and technical activities;
- Biological risk, chemical risk, manual handling of loads, noise risk, low temperatures and use of machines and equipment (mechanical risk), which are added to the previous ones for the production and technical areas (laboratories / plasma collection centers, logistics, maintenance);
- Work at a height, activities in confined places, driving forklift trucks and mechanical vehicles, which are added in relation to the specific tasks.

Risks are recognized in accordance with current national legislation. In particular, the sites in Italy are subject to Consolidation Act no. 81/08 and prepare a Risk Assessment Document (DVR); the Hungarian sites are subject to similar legislation and, in turn, produce a risk document similar to the Italian DVR.

The prevention and protection measures adopted in all areas guarantee control of the above risk factors, keeping the level of risk below the limits set by the regulations and company policies.

The data on accidents and occupational diseases of the last few years confirm the above, given that there have been no accidents with serious personal injury or specific occupational diseases attributable to exposure to occupational hazards.

Four claims for occupational disease were filed in 2020, one of which (hearing loss) was recognized by the INAIL (Italian Institute for Prevention of Accidents in the Workplace).

4.15.6. "SOCIAL" AREA

The cornerstone of the policies adopted by Kedrion is commitment to Social Responsibility, which extends to all the communities with which the company is in contact: from production plants to the environment, from the donor community to those of patients.

Kedrion aims to increase global awareness of the pathologies it deals with and to improve their diagnosis, treatment and access to treatment.

Kedrion pursues its objectives both through supporting local projects and through international product donations and collaboration in educational and awareness-raising initiatives.

This year's NFD describes the "Social" area through actions to support local communities and social activities performed as a result of the current pandemic.

RELATIONS WITH LOCAL COMMUNITIES

Starting from the experiences in Italy, with the growth of the social perimeter and the internationalization of activities, this approach has been transmitted and supported.

Driven by a sense of ethical and civil responsibility, Kedrion promotes a culture of sustainability and trust.

In 2020, our commitment alongside local communities was in the form of our contribution to and support for voluntary work and projects aimed at protecting human rights at a global level. The current pandemic has reduced the perimeter of these activities, of which there were therefore fewer with respect to the past, partly due to the objective difficulties of supporting public socialization and solidarity activities. However, Kedrion nonetheless supported local communities with actions aimed directly at dealing with the Coronavirus emergency, as will be discussed below.

From an organizational point of view, support activities for local communities are mainly concentrated at central level, at the parent company.

The main activities that the company carried out for local communities were the following:

KEDRION S.p.A.

- Kedrion S.p.A. is by far the most significant employer in the areas in which its production facilities are located;
- Under the same economic and technical conditions, Kedrion's supply chain favors companies in the territories in which it has facilities, also reducing the environmental impact related to transfers;
- Kedrion S.p.A. supports various activities with the municipalities and schools in the area, including participation in a Higher Technical Institution (ITS) in Life Sciences and a teaching development project with the technical and professional secondary schools in Valle del Serchio (Borgo a Mozzano and Barga);
- The Kedrion Group is one of the founders of the Fondazione Campus di Lucca, a non-profit training and cultural institution which carries out university and advanced training in tourism and the development of the territory and local economies;
- Kedrion supports measures to reduce local traffic, through car-sharing and car-pooling initiatives (an activity that was greatly reduced this year, due to broad use of work from home);
- Kedrion Incontra Project (opening and visit of Bolognana and Sant'Antimo plants to associations of Italian blood donors). Activities were greatly reduced in 2020, due to the Coronavirus pandemic

In addition to these activities, Kedrion S.p.A has also supported the following non-profit organizations:

- The Robert F. Kennedy Foundation of Italy Onlus (annual RFK Gala for fund raising on advocacy of human rights)
- Carlo Erba Foundation - second edition of Guelfo Marcucci Awards 2019 (two scholarships reserved for young researchers in the field of non-oncological immunology)
- University of Tor Vergata (contribution for medical-scientific education in the form of a Master's degree)

KBI E HUMAN BIOPLAZMA KFT.

In the United States, where the company has been promoting spontaneous voluntary activities to support local communities for many years, with the Kedrion Cares program, the Kedrion and KEDPLASMA employees have offered their support to and/or participated in:

- Feeding America for the Seasons of Giving campaign
- Bergen County Animal Shelter for the Animal Shelter Drive campaign
- Jersey Cares to support the Virtual School Supply Drive initiative

Other contributions and donations were also given to:

- John Theissen Children Foundation
- Go Fund Me
- Susan B. Women Foundation
- Burning Bush Family Foundation
- Options For Community Living

Furthermore, at Thanksgiving, almost all the plasma collection centers in the US supported local organizations in food collection drives for people in difficulty.

The company is also committed to offering its contribution to the communities in which it operates in Hungary, as evidenced by the support for Magyar Gyermekonkológiai Hálózat, a network that deals with cancer treatments for children.

During 2020, no financial or non-financial sanctions were imposed on Kedrion in relation to the social area (stakeholders, local communities, patients, etc.).

The company will continue to systematize the various Corporate Social Responsibility activities in this sector, assessing their impact and formalizing the mechanism for selecting the activities in which it will decide to engage.

RESEARCH, ORPHAN DRUGS AND COMPASSIONATE CARE ACTIVITIES

Kedrion research and development activity in the last years was oriented in different directions:

- An activity of industrial research, which aim to identify new products or new production processes;
- An activity of industrial development aimed to optimize the production process and to guaranty the higher quality and safety standards;
- An activity aimed to ensure the compliance in the context of safety from bacterial agents.

Orphan drugs development and compassionate healthcare was always a vocation for Kedrion. In this context, the two main Kedrion projects on orphan drugs are the one on Plasminogen and the other one on Factor V of coagulation.

PLASMINOGEN PROJECT

Plasminogen (PLG) is an important blood protein that plays a fundamental role in the dissolution of a clot by physiologically acting on the fibrin and on the A chains of the fibrinogen. Under conditions of plasminogen deficiency in the blood, two types of deficiency can occur: type 1 deficiency and type 2 deficiency.

Plasminogen deficiency type 1 or severe hypoplasminogenemia (HPG) is a very rare systemic disease that causes fibrin-rich pseudomembranes (with a wooden appearance) in the mucous membranes when a wound is healing. The most common clinical sign (manifested in 90% of cases) of HPG is chronic inflammation of the conjunctiva (ligneous conjunctivitis), which can lead to blindness, but other sites may also be involved such as the upper gastrointestinal tract, the respiratory tract, the female genital tract, the central nervous system and the skin. The prevalence of HPG, although not yet well established, is estimated at around 1.6 cases per million of inhabitants. Clinical onset usually occurs in early childhood, but it can occur at all ages and can be caused by repeated microtraumas (dust, foreign body), surgery or local inflammation.

As an authorized drug for plasminogen replacement therapy in HPG patients (and in particular with wooden conjunctivitis) is not yet available, this has been treated in recent years by surgical resection of eye lesions (pseudomembrane) and / or the use of drugs not indicated such as corticosteroids, antibiotics, heparin. All of these approaches, however, are not fully effective or conclusive.

In 2020 Kedrion has provided the experimental concentrate for compassionate use / early access to 16 patients (13 in 2019) affected by ligneous conjunctivitis (6 in Italy through L.648/96, 1 in France through nominal ATU, 2 in Spain through compassionate use and 7 in USA through IND sponsored by Kedrion and IND sponsored by doctor.

In 2020 Siset organized a public webinar entitled "Carenza congenita di Plasminogeno e Congiuntivite Ligneae" (Congenital lack of Plasminogen and Ligneous Conjunctivitis). The initiative, realized in collaboration with the Italian Association Doctors Oculistic (AIMO), Italian Federation Rare Disease (UNIAMO) and with Kedrion non conditioning contribution, was an important exchange opportunity among specialists (about 90 among academics and doctors from the most important Italian hospitals). Among themes discussed, the need of the improvement of Ligneous Conjunctivitis diagnostic and of promote the integration of this pathology as rare disease to the attention of scientific institutions.

FACTOR V PROJECT

Factor V is a plasma protein present at a concentration of about 7 µg / ml in healthy subjects. It plays a crucial role in hemostasis: it has a pro-coagulant role in the coagulation cascade by participating in the formation of thrombin.

Congenital Factor V deficiency, single or combined with Factor VIII deficiency, is an extremely rare disease of hemostasis with a prevalence of 1: 1,000,000 of the population. People suffering from a deficiency of this protein show hemorrhages of various localization and extent: epistaxis, menorrhages, hemarthrosis and hematomas, up to the most serious ones, such as intra-cranial and gastrointestinal ones.

Due the extremely rare of this pathology, at the moment it is no available in commerce any specific concentrate of Factor V, so the treatment of the deficit of this protein relies on the reintegration of the deficient factor with the use of fresh frozen plasma, which however involves risks and complications.

Kedrion is developing a Factor V concentrate, at the moment as the only one company in the world.

To sustain the industrial and clinical development of the product, at the moment developed at exploratory research level, in 2020 Kedrion submitted an application for financing to MISE, using the instrument of "Development Agreement". The project submitted has been admitted to financing and is now being assessed post-inspection carried out at the end of 2020 from Ministerial economic and scientific representative.

ACTIVITIES TO FIGHT THE COVID-19 PANDEMIC

Right from the early days of the pandemic, Kedrion reasoned and acted to offer its assistance to the communities in which it operates, from the Lucca area in Italy to the activities performed in the United States.

In detail, the three activities performed in this area were:

1. Supply of medical devices and PPE to healthcare institutions and hospitals
 2. Assignment of machinery and kits for viral inactivation of plasma from people recovering from Covid-19
 3. Project to develop an anti-Covid drug (specific immunoglobulin)
1. In the early days of March 2020, Italy discovered that there was a major shortage of essential personal protective equipment, such as face masks, disinfectants and protective overalls. In view of the activity it performs and the custom of working in sterile and pharmaceutical-grade departments, Kedrion was able to support several institutions, by donating the goods at its disposal.
In the space of just a few weeks, Kedrion recovered all the type FFP2 masks in its possession (several hundred) and donated them to the hospitals of Castelnuovo Garfagnana, Barga and Versilia. It did the same with thousands of surgical masks and sterile overalls. It also supported training for the Civil Defence department of Lucca in sterile packaging of surgical masks to distribute to the local population. The financial value of the goods provided is minor, but, due to the dramatic shortage of this material during that period, the gesture was highly appreciated and considered very useful by the institutes that received it.
 2. After the virus had been spreading for several weeks, it became clear that plasma from people who had recovered from Covid-19 contained a large quantity of specific antibodies, developed by the body to protect itself against the virus. The international scientific community suggested that use of plasma from convalescent people (the so-called hyperimmune plasma) could be used to treat Covid patients through transfusions. In order to transfuse human plasma, it is obviously necessary first to inactivate it for other potential viruses (HIV, hepatitis, etc.). Kedrion is the licensee of a machine and kits for viral inactivation of plasma in hospitals and it provided these devices under free loan to various Italian hospitals that did not have them, including the hospitals of Pavia, Mantua and Padua. The financial value of these activities is around Euro 400 thousands but, in this case as well, what counted most was the promptness with which the company allowed transfusion of safe plasma into patients. Clinical trials on the efficacy of hyperimmune plasma against Covid-19 are still in progress. The early results appear promising and the clinical course of patients treated with

plasma in northern Italy and the United States has been encouraging, particularly when treatment has been adopted early on.

3. As a consequence of possible use of hyperimmune plasma against Covid, Kedrion has started a project, together with the biological company Kamada (Israel), for the development of a specific immunoglobulin. Specific immunoglobulins, meaning those obtained from the plasma of people who have recovered from a specific disease, are antibodies in concentrated form that can be infused intravenously into patients and people potentially exposed to the disease (preventive medicine). To cite several examples, specific immunoglobulins are commonly used against diseases such as rabies and tetanus, alongside vaccines (as is known, the existence and broad access to vaccines does not mean that there is no need for treatments for the diseases caused by viruses). Adopting this principle, Kedrion and the other plasma derivation companies of the world have decided to start projects for the development of immunoglobulins obtained from the plasma with a high antibody titer of people recovering from Covid. In this activity, Kedrion created a network that, in addition to Kamada, also involves the US plasma centers and university and scientific institutions, such as Columbia University in New York, Federico II University in Naples and the Istituto Mario Negri in Milan. The first anti-Covid specific immunoglobulins produced from American plasma, using Kamada technology, were used in Israel in June 2020 and Kedrion plans to extend the project to Italy and to various other countries of the world.

FISCAL RESPONSIBILITY

The fiscal approach of an organization defines how it balances fiscal compliance with business activities and with ethical and social expectations and sustainable development.

In compliance with the "corporate responsibility" principle, the Group acts according to the values of honesty and integrity in management of fiscal activities, as it knows that the proceeds from taxation are one of the main sources of the Group's contribution to the economic and social development of local communities. It therefore bases its conduct on compliance with tax laws applicable in the countries where it operates, managing the task risk responsibly to protect its image and reputation. In this regard, the company considers taxes to be a cost of enterprise and, as such, one that must be managed with the aim of safeguarding company assets and pursuing the primary goal of creating value for stakeholders over the medium and long term.

In order to guarantee fiscal compliance, the parent company has adopted a specific corporate Transfer Pricing Policy in line with the specific regulations and a Taxes and Levies procedure that identifies roles and responsibilities of the people involved in fiscal management, establishing information flows between the parties and the relative processes to achieve an efficient and, where possible, preventive control of the fiscal risk, as well as a policy to manage the taxation laws interpretation risk. The aim is to pursue:

- lasting growth of corporate assets and protection of the Group's reputation;
- correct and prompt calculation and payment of the taxes due by law and performance of the related procedures;
- limitation of the fiscal risk, intended as the risk of infringing taxation laws or abuse of the principles and purposes of the taxation system.

The Group maintains a relationship with the revenue authorities based on cooperation and transparency, ensuring that the authorities obtain a full understanding of the events underlying the application of taxation laws. With a view to consolidating transparency with the revenue authorities, the Group ensures correct application of national and local taxation laws and regulations and the OECD Transfer Pricing Guidelines. The company does not perform transactions without valid

economic reasons in order to obtain tax benefits and does not use the so-called blacklisted countries as a means of tax avoidance.

For management of reporting of unethical or unlawful behavior, the information channels are those envisaged by the Supervisory Body to guarantee communication of irregularities or infractions of the Code of Ethics, the Anti-Corruption Code of Conduct and the Organization, Management and Control Model pursuant to Italian Leg. Decree no. 231/2001.

In 2019, the Kedrion Group paid taxes in the amount shown in the following table (figures in thousands of Euro):

Names of the resident entities	Number FTEs	Primary activities of the organization	Revenues from third-party sales	Revenues from intra-group transactions with other tax jurisdictions	Profit/loss before tax	Tangible assets other than cash and cash equivalents	Corporate Income Taxes paid on cash basis	Corporate income tax accrued on profit/(loss)
Kedrion S.p.A. (Italia)	1,134	Plasmaderivatives production and trading	273.299	74.627	20.472	118.864	1.407	1.184
Kedrion Biopharma Inc. (Usa)	291	Plasmaderivatives production and trading	222.915	9.354	(16.903)	126.401	1.603	(527)
KEDPlasma LLC (Usa)	879	Plasma collection and trading	209.633	65.035	11.266	9.586	n.a.	n.a.
Human BioPlasma Kft. (Ungheria)	336	Plasmaderivatives production and trading	11.460	87.377	855	29.514	0	757
Kedrion Biopharma GmbH (Germania)	13	Plasmaderivatives trading	23.274	8.107	20.256	125	204	5.210
Kedrion International GmbH (Austria)	8	Plasmaderivatives trading	22.108	0	1.888	7	920	459
Kedrion Portugal Lda (Portogallo)	3	Plasmaderivatives trading	5.734	0	(141)	0	77	10
Kedrion Mexicana S.A. de C.V. (Messico)	9	Plasmaderivatives trading	28.770	0	5.080	15	1.836	1.651
Kedrion Swiss Sarl (Svizzera)	0	Plasmaderivatives trading	339	0	(46)	0	0	0
Kedrion Brasil Distributoria (Brasile)	2	Plasmaderivatives trading	1.972	0	(307)	5	0	3
Kedrion Biopharma India Private Limited (India)	5	Plasmaderivatives trading	3.294	0	(388)	5	0	0
Kedrion Betaphar Bivofarmasotik (Turchia)	6	Plasmaderivatives trading	3.039	0	486	3	411	116
Kedrion de Colombia SAS (Colombia)	4	Plasmaderivatives trading	2.373	0	(114)	12	29	(28)

ENVIRONMENT AREA

Kedron's attention to the environment starts from the territory in which its employees operate. From the workplace, it extends to the communities which surround the company, with a strong commitment to reducing the environmental impact to a minimum. Kedron is conscious of humankind's responsibility in global climate change, so its environmental policy contributes to mitigating the consequences of human activity on the surrounding environment.

Kedron employees are sensitive to the concept of environmental protection and operate to evaluate and monitor environmental aspects connected to the activities carried out, pursuing opportunities for improvement.

The Kedron management team undertakes to implement, maintain and document its processes and activities in compliance with the highest quality standards, including, for example:

- UNI EN ISO 14001 and EMAS¹² Standard (Eco-Management and Audit Scheme);
- ISO 45001 (Occupational Health and Safety Management System).

Participation in the UN Global Compact¹³ involves a global commitment to improving environmental performance, based on a strategy founded on principles of:

- Optimizing resources and endorsing sustainable ones;
- Reducing negative impact;
- Spreading an environmental culture within the company and with external collaborators.

The Italian offices have adopted an environmental management system according to ISO 14001. The Lucca facilities (Klg10 production site, Castelvechio Pascoli warehouse, Bolognana site and administrative offices) and the Sant'Antimo (NA) site are ISO 14001 certified and EMAS registered.

The model adopted integrates the monitoring and control activities of the environmental performances provided for by the AIA (Integrated Environmental Authorizations) applicable to the sites mentioned.

The Italian offices have an Energy Management structure in order to optimize the use of energy resources through analysis and monitoring and promotion of initiatives.

To improve its environmental performance, Kedron is committed to an increasingly in-depth knowledge of its impacts, through the analysis of the life cycle of its products and by extending control to the entire supply chain.

In 2020, the EPD (Environmental Product Declarations) for IVIG and albumin products were confirmed.

The availability of information relating to its impacts and environmental performance is also guaranteed by the publication of the Environmental Declaration relating to Italian EMAS registered sites.

WATER CONSUMPTION AND WATER CYCLE

Attention to water resources is concentrated on the use of water from the public network and wells and on waste water production.

¹² EMAS, the European *Eco-Management and Audit Scheme*, is a model that both public and private enterprises and organizations located within the European Union aiming to assess and improve their environmental efficiency apply on a voluntary basis.

¹³ The United Nations Global Compact is an initiative of the United Nations created to encourage companies throughout the world to adopt sustainable policies, comply with the principles of corporate social responsibility and publish the results of the action undertaken. It is based on ten principles in the areas of human rights, labor, environmental sustainability and anti-corruption.

The water supplied to the production facilities is mainly used to power cooling systems, softeners and for steam production, washing and sanitization. At the other facilities, it is used as domestic hot water and for cleaning the workplaces.

The risks connected to the water resource depend on the presence of obligations required by legislation or specific authorizations. Water consumption can constitute a risk connected to the capacity of local infrastructures and the availability of the resource (water network and wells), thus constituting a constraint with regard to possible increases in production capacity. Furthermore, an increase in water consumption corresponds with an increase in waste water, the hydraulic load is governed by authorization and/or technical/infrastructural limitations.

Waste water derives from the processes of the four production sites, which is transferred to the public networks in accordance with legislation and regulations in force in terms of hydraulic load and qualitative characteristics of the waste water.

Discharge is prevalently of an industrial kind and a minor percentage of 10% is represented by domestic waste water.

Water balance (water consumption and discharges in cubic meters) as at 12.31.2020

Water consumption from public utilities* m ³	Water consumption from well m ³	Total water consumption m ³	Waste water** M ³
507,585	372,390	879,975	645,065.92

*The figure is the sum of consumption measured (Bolognana, CVP, Sant'Antimo, Gödöllő, Melville) and estimated (offices and plasma centers).

**Waste water measured for Bolognana, CVP, Sant'Antimo, Gödöllő and Melville; estimated for Offices and plasma centers.

Italy makes the largest contribution (72%), due to the presence of the two main production plants, followed by Hungary (15%) and the United States (13%), also countries with production sites (Gödöllő and Melville).

The table below summarizes the consumption of water and the quantities of waste water discharged at global level for the three-year period 2018- 2020:

Water balance 2018-2020

Index (m ³)	2018	2019	2020	Difference 2020/2019
Water consumption from public utilities	532,251	635,954	507,585	-20%
Water consumption from well	376,520	399,874	372,390	-7%
Total water consumption	908,771	1,035,828	879,975	-15%
Waste water	645,989	743,936	645,065.92	-15%

*The figure is the sum of consumption measured (Bolognana, Sant'Antimo, CVP, Gödöllő, Melville and plasma centers) and estimated (offices).

**Waste water measured for Bolognana, Sant'Antimo, CVP, Gödöllő and Melville; estimated for Offices and plasma centers.

The reduction in water consumption from public utilities is a consequence of optimizing use of the water at the Melville site

RENEWABLE AND NON-RENEWABLE ENERGY CONSUMPTION

The production sites mainly use energy sources for the production of cold, heat and steam, as well as for powering the plants and for lighting.

The supply of electricity presents constraints related to the infrastructures that can impact on the continuity of the service and on any production developments, although there are emergency generation systems serving the most critical plants.

Starting from November 2020, the Bolognana plant obtains a major part of electricity from a trigeneration plant located at the site that, in addition to having a lower environmental impact, also improves the quality of supply and, even though it does not reduce the risks associated with power outages, this plant replaces the self-production in the past using a cogeneration system, with a further improvement in energy performance.

There are no particular legal/authorization restrictions for the various sites.

Monitoring and the related energy diagnosis, required by the Integrated Environmental Authorizations (AIA) and by legislation on the rational use of energy, represent an opportunity for interventions aimed at optimizing consumption.

The use of natural gas, both for the production of electricity and steam, represents the best source of non-renewable energy in terms of greenhouse gas emissions and therefore an opportunity to improve the environmental impact of the sector. However, it presents risks related to possible short or prolonged interruptions of the supply, due to possible technical problems of the network infrastructures or of the supplier, with a significant impact on the business continuity of the production plants: this applies, in particular, to the Bolognana site, which uses methane to produce most of the electricity consumed.

In order to guarantee business continuity in emergencies, electricity supply from the grid remains active.

ELECTRICITY FROM THE GRID

A trigeneration plant recently entered into operation at the Bolognana plant, to replace the previous cogeneration plant, and covers part of the plant's electricity needs.

At the end of 2020, the plant therefore passed from self production of electricity to a new supplier, alongside the external supply, who uses the trigeneration plant recently placed in operation.

The calculation methods used for the 2020 figures therefore take account of the change that took place in November.

The figure for total consumption is shown below.

Consumption of electricity from the grid* at 12.31.2020

GJ

199,485

* The figure is the sum of consumption measured (Bolognana, Sant'Antimo, CVP, Gödöllő, Melville and plasma centers) and estimated (offices).

The largest contribution to total consumption is made by the Italian, American and Hungarian production plants, which account for 46%, 20% and 18% respectively.

FOSSIL FUELS

The absolute values and the contributions of the individual companies to the consolidated figure relating to methane consumption, expressed in terms of percentage, are shown in the following tables:

Methane gas consumption* at 12.31.2020	
GJ	440,708

* The figure is the sum of consumption measured (Bolognana, Sant'Antimo, CVP, Gödöllő, Melville and plasma centers) and estimated (offices).

**The figure includes natural gas for the cogeneration plant at the Bolognana site, which remained in operation until November 2020.

The largest contribution to total consumption is made by the Italian, US and Hungarian production plants, which account, respectively, for 71% (of which the Bolognana site alone, including CVP, represents 63%), 18% and 9%, for a total of 98%.

The table below summarizes the consumption of electricity, methane and diesel, expressed in GJ globally for the three-year period 2018-2020:

Energy balance 2018-2020				
Index (GJ)	2018	2019	2020	Difference 2020/2019
Electricity from the grid	185,380	198,582	199,485*	+0.4%
Methane	442,485	472,384	440,708	-6.7%
Other**	13,635	11,262	6,118	-46%
Total energy	641,500	682,228	646,311	-5.2%

*Since November, the Bolognana plant has been purchasing the electricity that was previously self-produced from a new supplier, who uses the trigeneration plant

** diesel and LPG

The table shows that there has been a very slight increase in consumption of electricity from the grid (see note to the table above) and a decrease in consumption of natural gas and diesel, which reduces total energy consumption

DIRECT AND INDIRECT EMISSIONS

Kedron calculates its Carbon Footprint to identify the greenhouse gas emissions generated by its activities, considering the direct emissions from the consumption of natural gas and other fuels and the losses of refrigerant gas (Scope I) and indirect emissions from the consumption of electricity (Scope II).

Natural gas consumptions represent the main energy source for the heat production (in the form of vapor or hot water) while the electric energy is the main source for cold production; both consumptions are influenced by climatic conditions.

An increase of the temperatures determined a higher consumption of electric energy for the cold production while the lowering of temperature a higher consumption of natural gas for heat production; the higher impact on the energy consumption is the one for cold production.

The graph below indicates total contributions of CO₂ equivalent emission (Scope I) and the trend in the three-year period 2018-2020:

Carbon Footprint 2018-2020 – Scope I				
CO ₂ equivalent (Ton)	2018*	2019**	2020***	Difference 2020/2019
CO ₂ eq. From refrigerant gas losses (refilling)	12,512	5,091	7,103	+40%
CO ₂ eq. From consumption of methane	24,580	26,890	24,896	-7.4%
CO ₂ eq. From consumption of diesel	1,013	841	457	-46%
Total CO₂ eq.	38,105	32,821	32,456	-1%

* DEFRA conversion factor version 2018
 ** DEFRA conversion factor version 2019.
 *** DEFRA conversion factor version 2020.

The figures indicate an increase in CO₂ emission from replenishment of refrigerant gases, to which a significant loss at the Bolognana (equal to 23% of total CO₂ from refrigerants in 2020) contributed.

The graph below indicates the contributions to the total CO₂ equivalent emission (Scope II) according to the "location-based" approach.

Carbon Footprint 2018-2020 – Scope II				
Ton CO ₂ eq.	2018*	2019*	2020*	Difference 2020/2019
CO ₂ eq. from consumption of electricity from the grid	19,116	20,073	19,160	-4.5%
Total CO₂ eq.	19,116	20,073	19,160	-4.5%

(***) TERNA conversion factor 2018.

WASTE PRODUCTION

The quantity of waste from the production sites represents the predominant quota of all waste produced by the Group (approximately 88%); the collection centers contribute to a minor extent (12%) and administrative activities contribute to a negligible extent.

The waste, when not transferred to the municipal dumps as similar to urban waste, is managed according to the legislation of the country where the production site is located, both for its classification and packaging and for its disposal.

The presence of obligations required by legislation or by specific authorizations, or voluntarily undertaken, require the company to pay close attention to classification and packaging and to compliance with the time and quantity limits defined by the rules and by any local regulations / authorizations.

The possibility of possible interruptions in transport and disposal services resulting from incorrect classification or packaging and unavailability of suppliers (technical, authorization and contractual problems) make waste management a very significant environmental aspect.

In addition to regulatory compliance and business continuity, Kedrion focuses on the safety of people who, in various capacities, could come into contact with the material (internal staff, operators in the waste sector and communities) and the environment in general; this leads the company to prefer sustainable disposal methods (energy recovery or material recycling).

Waste production at 12.31.2020		
Non-hazardous waste Kg	Hazardous waste Kg	Total waste Kg
995,536	5,146,923	6,142,459

Waste balance by region at 12.31.2020			
Region	Non-hazardous waste Kg	Hazardous waste Kg	Total waste Kg
Italy	644,641	992,168	1,636,809
USA	295,493	1,012,737	1,308,230
Hungary	55,402	3,142,018	3,197,420
TOTAL	995,536	5,146,923	6,142,459

The values for the 2018-2020 three-year period are shown below:

Energy balance 2018-2020				
Type (kg)	2018	2019	2020	Difference 2020/2019
Non-hazardous waste	1,228,935	838,332	995,536	+19%
Hazardous waste	5,086,959	5,505,034	5,146,923	-6.5%
TOTAL WASTE PRODUCED	6,315,894	6,343,366	6,142,459	-3%

Quantity of waste sent for recovery at 12.31.2020	
% of total non-hazardous waste	63%

4.15.7. ANTI-CORRUPTION AREA

Kedrion, in line with its founding values, with specific anti-corruption regulations and the tenth Global Compact principle, according to which "*businesses should work against corruption in all its forms, including extortion and bribery*", pursues its commitment to fight corruption, in all its forms, direct and indirect.

In January 2020, the Board of Directors of Kedrion S.p.A. adopted the Global Ethics Policy, which contains the principles and ethical values on which responsible management of company activities is based, establishing the rules of conduct and implementation. The *Global Ethics Policy* has been formally recognized by the governing bodies of the subsidiaries and outlined in the Codes of Ethics available on the company website.

Kedrion also adopted the *Global Anti-bribery and Anti-corruption Policy* in 2020, which confirms the "Zero tolerance" approach to any form of corruption. The Policy has been formally recognized by all group companies.

There were no episodes of corruption at any Kedrion Group companies in 2020.

The following paragraphs report the organization and safeguards adopted by the group's main operating companies regarding anti-corruption.

KEDRION S.p.A.

Kedrion S.p.A. has promoted and adopted an integrated Global Policy system to prevent and mitigate the risks of corrupt behavior at the company.

As from 2004, Kedrion S.p.A. has implemented an Organizational, Management and Control Model pursuant to Art. 6 of Italian Leg. Decree no. 231/2001 (hereinafter, also "Model 231"), in order to prevent the risk of the crimes envisaged by said decree being committed. The offenses envisaged include corruption in all its forms, both in relations with the Public Administration and in relations between private operators, and therefore also including all relations with the supply chain. In November 2020, the Board of Directors of Kedrion S.p.A. updated its Model 231 and Code of Ethics to include the new relevant offenses pursuant to Italian Leg. Decree no. 231/2001 introduced by the Italian legislator during the year.

Kedrion S.p.A. also updated its 231 risk mapping, intended as mapping of the company areas that are hypothetically and theoretically exposed to the "risk of crime", including the risk of corruption. The international nature of Kedrion's business activities led the company to analyze the risks associated with those operations and also with its role as the parent company, including in terms of potential liability for offenses pursuant to Italian Leg. Decree no. 231/01, and therefore extended risk mapping to the intercompany areas and processes that are relevant for the Model 231 aspects.

The potential risks relating to the offenses envisaged by Italian Leg. Decree no. 231/2001 that emerged from mapping are mainly those typical of the pharmaceuticals sector. After assessing all the monitoring and mitigation mechanisms adopted by the company, the residual risk is deemed to be acceptable.

Kedrion has provided mechanisms for reporting any violations, even anonymously. These are: the mail/letter boxes located at all the company plants and sites, the help-line available on the company Intranet site, the web platform accessible from the www.kedrion.it website, implemented in compliance with law no. 179 of 2017 on the so-called "Whistle-blowing". All the mechanisms have adequate measures to protect the whistle-blower's privacy and confidentiality.

KEDRION BIOPHARMA INC.

Kedrion Biopharma Inc. (KBI) adopted a Compliance Program in 2020 in which the fight against corruption, both nationally and internationally, has the highest priority.

The Compliance Officer, in consultation with the Legal Department, supervised the implementation of the Compliance Program which included, among other things, the updating of the anti-corruption behavior guidelines and staff training on related issues, including the fight against corruption.

The U.S. regulatory environment provides for numerous laws, including the Anti-Kickback Statute, the False Claims Act, and the Foreign Corrupt Practice Act (FCPA), in addition to the specific laws of the member states. These rules provide for severe federal and state penalties in both civil and criminal matters. The company has adopted the Global Policies promoted by the parent company.

HUMAN BIOPLAZMA KFT.

HUMAN BioPlazma Kft., which also includes the KEDPLASMA Hungary operating unit, operates in Hungary in compliance with the legal regulatory framework applicable to its activities.

HBP has implemented the Global Policies promoted by the parent company and has implemented procedures to fight active and passive corruption in its activities. The Company has adopted a Code of Ethical Conduct applicable to all its employees.

HBP has activated whistle-blowing channels for reporting any violations of laws, policies and procedures.

Compliance concerning the topic of sponsorship activities, considered sensitive, is ensured not only by compliance with the code of the European Federation of Pharmaceutical Associations and Industries (EFPIA), but also by compliance with the pharmaceutical communication and ethics code of the Association of Hungarian Pharmaceutical Manufacturers (Magyarországi Gyógyszergyártók Országos Szövetsége (MAGYOSZ)).

KEDPLASMA GMBH - KEDRION BIOPHARMA GMBH

KEDPLASMA GmbH changed its name to Kedrion Biopharma GmbH on August 31, 2020. In order to fight corruption, the company has formally implemented the Global Policies introduced by the parent company, in addition to procedures and guidelines that comply with local laws.

Compliance concerning the topic of sponsorship activities, considered sensitive, is ensured not only by compliance with the code of the European Federation of Pharmaceutical Associations and Industries (EFPIA), but also by compliance with the pharmaceutical communication and ethics code of the FSA "Freiwillige Selbstkontrolle für die Arzneimittelindustrie e.V.", of the AKG "Arzneimittel und Kooperation im Gesundheitswesen e.V.", and other accredited entities.

4.15.8. "HUMAN RIGHTS" AREA

Kedrion has always been committed to creating a work environment characterized by accountability, mutual trust and respect, enhancement of the personality and diversity between individuals.

Kedrion believes relations between colleagues, at every level of the organization, must be based on loyalty and fairness, in mutual respect for the rights and freedoms of people. It also believes it is necessary that all the company's employees and collaborators contribute to maintaining a climate of mutual respect for dignity, honor and reputation.

The company prevents and opposes all forms of child labor, forced labor, unfair disciplinary procedures, physical or mental coercion or injury against the person. During 2020, the Board of Directors of Kedrion S.p.A. adopted the *Anti-Slavery And Human Trafficking* Global Policy, which reiterates the ethical vocation of the company.

Kedrion prevents and refuses all forms of worker discrimination based on nationality, ethnicity, religion, social class, gender, sexual orientation, political and trade union views, health conditions, physical limitations, age, previous family responsibilities, marital status or any other condition that may give rise to discrimination.

The company aims to offer equal opportunities to all employees in career development, exit from work and retirement, respecting the fundamental principle of equality.

During 2020, no episodes were identified throughout the company consolidation perimeter that configured violations of human and worker rights.

The following paragraphs describe the organization and controls adopted by the group's main operating companies in the area of human rights.

KEDRION S.P.A.

The Company's Board of Directors has implemented the Ethics Office function for some time, responsible for the definition, implementation, adaptation and continuous improvement of the Business Management System for Business Ethics. The mandate granted is extended to the implementation of the SA8000 voluntary international standard (Social Accountability 8000), namely to the implementation of the Social Responsibility System on Ethics in relations with workers within Kedrion and on the supply chain. Kedrion has been SA8000 certified by an external entity since 2004.

In 2020, Kedrion S.p.A. revised its Business Ethics system, partly to reflect the pandemic that continued throughout the entire year.

Kedrion S.p.A. has adopted an SA8000 Manual (the "Manual") that summarizes the principles of the Standard and describes the entire Social Responsibility Management System adopted by the company. The Manual, together with the Code of Ethical Conduct, is disclosed to all employees upon hiring.

None of the reports forwarded by workers to the Ethics Officer configured violations of human rights and workers' rights. In detail, there were no:

- violations of laws or applicable rules;
- known or suspected violations of Kedrion's business ethics management system and the related procedures;
- practices and/or behaviors not complying with the Code of Ethical Conduct and with the SA8000 Social Responsibility System adopted by Kedrion.

Kedrion S.p.A. has recognized, approved, supported and adopted the 10 ethical principles of the UN Global Compact concerning human rights, labor, the environment and the fight against corruption, since 2005.

KEDRION BIOPHARMA INC.

Kedrion Biopharma Inc. (KBI) complies with all American laws regarding the fight against discrimination and has an internal control system to prevent and detect such conduct. KBI has implemented a system to report discriminatory conduct or conduct that, in any case, is not in line with the values and principles of the company.

Federal and individual State laws on violation of equal treatment and protection of human rights are extremely strict.

HUMAN BIOPLAZMA KFT.

The company, which also includes the KEDPLASMA Hungary operating unit (hereinafter also HBP), operates in Hungary in compliance with the legal and regulatory framework applicable to its activities.

With reference to human rights and discrimination, HBP also pays particular attention to the fact that, in Hungary, the veto on discrimination and the principle of equal treatment are governed by numerous laws, including the Hungarian Constitution, the Civil Code (Law no. V of 2013), Law no. CXXV of 2003 on equal treatment and the promotion of equal opportunities (implemented in Hungarian legislation and thus harmonized with the respective EU Directives such as, for example, nos. 2000/78, 2000/43 and 2004/113; and also Regulation (EU) 2016/679 the GDPR) and the Labor Code (Law no. I of 2012). Therefore, the Company is very careful to comply with the legal requirements during the performance of its activities.

The company conducts constant and accurate monitoring of employment relationships, to reject and prevent any form of discrimination, from hiring to the conclusion of the employment relationship, conducted and controlled by the company's human resources function.

KEDPLASMA GMBH

With reference to human rights, non-discrimination and equal treatment, KEDPLASMA GmbH recognizes itself in the values of the parent company set out above.

In detail, the basic regulatory reference here is the German federal law on equal treatment, Allgemeines Gleichbehandlungsgesetz (AGG) of August 14, 2006, which transposed the European Directives passed in the years 2000-2004: Guidelines 2000/78/EG on employment, Guidelines 2000/43/EG on racial equality, Guidelines 2002/73/EG and 2004/113/EG on equal treatment of men and women.

The purpose of the AGG is to prevent and eliminate discrimination due to race, ethnic origin, gender, religion or ideology, disability, age or sexual identity.

KEDPLASMA respects the aforementioned legislative provisions, for the entire duration of the employment relationship with its employees. In particular, under the coordination of the human resources function, KEDPLASMA implements recruitment policies, planning of benefits and contractual conditions in compliance with the legal obligations represented by the AGG. In the same way, close attention is paid to the possible occurrence of conduct that does not comply with the provisions in force.

4.15.9. NOTE ON METHODOLOGY

BOUNDARY AND REPORTING PROCESS

The NFD includes in its reporting boundary the Parent Company and the subsidiary companies consolidated with the line-by-line method (it should be noted that the American company that operates the plasma collection centers, KedPlasma LLC, is 100% controlled by KBI, so the data relating to KBI or the US region also includes the data of KedPlasma LLC). Any exceptions are indicated in the text. Where certain data is unavailable, the text highlights this in a clear and transparent way.

The work plan followed in preparing the 2019 NFD followed the phases and timetables indicated below, in compliance with Italian Leg. Decree no. 254/16 and aligned with both the financial reporting process and with the SOP (Standard Operating Procedure) on non-financial reporting prepared and approved by the Kedrion Group:

1. Assignment of the task by the Chairman and Chief Executive Officer of Kedrion S.p.A. to the Group Administration department (start of November 2020);
2. Identification of the activity coordinator (mid-November 2020);
3. Choice of the type of NFD (consolidated), its location in the management report, its relationship with the GRI Standards and the chosen methodology (GRI in accordance-Core) (end of November 2020);
4. Contact of the consultant and the Group Administration department with the data owners and the representatives of each department and legal entity of the Group concerned (before the end of November 2019);
5. Training activity and information on the NFD (before mid-December 2020);
6. Development and approval of the Materiality Analysis by the departments involved and the Chairman and Chief Executive Officer of Kedrion S.p.A. (between January and the end of February 2021);
7. Collection of data and its validation together with the data owners and department representatives (before mid-February 2021);
8. Preparation of the draft NFD and its transmission to the data owners (end of February 2021);
9. Approval of the draft NFD by the data owners and transmission of the document to the Group Administration department (March 8, 2021);
10. Sending of the NFD proposal to the company administration department with a view to its approval at the Board of Directors Meeting on March 15, 2021 (March 8, 2021).

CORRELATION TABLE

Kedrion material topics	GRI Standard	Scope		
		Internal	External	Limitations
Management development	404, are summarized below: Training and Education	✓		
Corporate welfare	GRI 401 Employment	✓		
Injuries (occupational health and safety)	403, are summarized below: Occupational Health and Safety	✓		
Covid Management – Personnel Area	403: Occupational Health and Safety	✓		
Covid Management – Social Area	413: Local Communities	✓	✓	
Relation with local communities and research on compassionate use drugs	413, are summarized below: Local Communities	✓		
	419, are summarized below: Socio-economic Compliance	✓		
	207: Tax	✓		
Water consumption and water cycle	303, are summarized below: Water	✓		
Renewable and non-renewable energy consumption	302, are summarized below: Energy	✓		
Direct and indirect emissions	305, are summarized below: Emissions	✓		

Waste production	306, are summarized below: Effluents and Waste	✓		
Human rights	406, are summarized below: Non-discrimination	✓		
Anti-corruption	205, are summarized below: Anti-corruption	✓	✓	Reporting not extended to the external boundary (suppliers and other partners)

METHODOLOGIES FOR CALCULATING ACCIDENTS AND EMISSIONS

Health and safety indicators

The indicators used are the TIR (Total Injury Rate) and the LWR (Lost Workdays Rate)

TIR = number of events* x 200 ,000/hours worked

LWR = number of days lost*** x 200 ,000/hours worked

*Number of injuries (recordable injuries) that led to absence from work, restrictions on work or medical treatment, including events of biological risk (first aid cases and accidents on way to/from work are excluded).

**Hours effectively worked (where a measurement system is not present, these are estimated according to the work schedule).

***The calendar days (excluding the day of the event and the day of return to work) on which the employee was absent from work (excluding days of transfer or restrictions) are considered.

The data on accident distribution by gender is partial, due to a lack of information for employees operating in the US plasma centers in the case of an accident with biological hazard, for which the name of the employee does not appear, for reasons of privacy.

The consumption of electricity from the grid, methane gas and gas oil, measured by reading on-site counters or through telemetry, reading bills or estimated by analogy, is transformed into GJ using conversion factors available online:

Coefficient from therms to scm of natural gas 1 scm = 0.3734 therms (SNAM converter)

Purchased electricity consumption: kWh x 0.0036 = GJ purchased electricity

Diesel and natural gas (fuel): conversion factors from 2020 version of the Defra tables

- Consumption of natural gas: scm x 35.808/1 ,000 = GJ
- Consumption of gas oil: tonne x 42.932 = GJ
- Consumption of LPG: tonne x 45.94 = GJ

The references indicated below were used to calculate CO₂ equivalent emissions:

SCOPE I (Defra 2020 version)

Natural gas: smc x 2.03017 = kg CO₂e

Diesel: tonne x 3,206.62 = kg CO₂e

G5P refrigerant gases:

R404A: kg x 3,922 = Kg CO₂e

R407C: kg x 1,774 = Kg CO₂e

R410A: kg x 2,088 = Kg CO₂e

R507: kg x 3,985 = kg CO₂e

R134A: kg x 1,430 = Kg CO₂e

R422D: kg x 2,730 = Kg CO₂e (value from Linde Gas)

ISCEON: kg x 3805 = Kg CO₂e (value from Linde Gas)

R449: kg x 1,397 = Kg CO₂e (value provided by General Gas edition, as not available on DEFRA 2020)

R417A: kg x 2,346 = Kg CO₂ eq (value provided by General Gas edition, as not available on DEFRA 2020)

SCOPE II (TERNA 2018 version)

Electricity:

Kwh x 0.336 = kg CO₂e (Italy)

Kwh x 0.399 = kg CO₂e (USA)

Kwh x 0.273 = kg CO₂ eq (Hungary)

GRI Standard	Disclosure	Paragraph	Omission
GRI 101: Foundation 2016			
General Disclosures			
	Organisational profile		
	102-1 Name of the organization	§4.15.1	
	102-2 Activities, brands, products and services	§4.15.1	
	102-3 Location of headquarters	§4.15.1	
	102-4 Location of operations	§4.15.1	
	102-5 Ownership and legal form	Cfr. Rel. gestione	
	102-6 Markets served	Cfr. Rel. gestione	
GRI 102: General Disclosures 2016	102-7 Scale of the organization	Cfr. Rel. gestione	
	102-8 Information on employees and other workers	§4.15.5	
	102-9 Supply chain	§4.15.1	
	102-10 Significant changes to the organization and its supply chain	§4.15.5	
	102-11 Precautionary Principle approach	§4.15.4	
	102-12 External activities	§4.15.1 e 4.15.6	
	102-13 Membership of associations	§4.15.1	
	102-14 Statement from senior decision-maker	§4.15	
	Strategy		
	102-15 Key impacts, risks, and opportunities	§4.15.4	

102-16 Values, principles, standards and norms of behavior	§4.15.4
102-18 Governance structure	Cfr. Rel. gestione
Reporting practice	
102-40 List of stakeholder groups	§4.15.1
102-41 Collective bargaining agreements	§4.15.5
102-42 Identifying and selecting stakeholders	§4.15.1
102-43 Approach to stakeholder engagement	§4.15.1
102-44 Key topics and concerns raised	§4.15.3
102-45 Entities included in the consolidated financial statements	§4.15.2
102-46 Defining report content and topic Boundaries	§4.15.2
102-47 List of material topics	§4.15.3
102-48 Restatements of information	No
102-49 Changes in reporting	No
102-50 Reporting period	2020
102-51 Date of the most recent report	16/3/2020
102-52 Reporting cycle	Annual
102-53 Contact point for questions regarding the report	§4.15.2
102-54 Claims of reporting in accordance with the GRI Standards	§4.15.2
102-55 GRI content index	§4.15.10
102-56 External assurance	

Material Topics

GRI 200 Economic Standard Series

Anti-corruption

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.8
	103-2 The management approach and its components	§4.15.8
	103-3 Evaluation of the management approach	§4.15.8

GRI 205: Anti-corruption 2016

205-3 Confirmed incidents of corruption and actions taken	Zero
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Tax

GRI 207: Tax 2019	207-1 Approach to Tax	§4.15.8
	207-2 Tax Governance, control, and risk management	§4.15.8
	207-3 Stakeholder engagement and management of concerns related to tax	§4.15.8
	207-4 Country-by-country reporting	§4.15.8

GRI 300 Environmental Standards Series

Energy

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.7
	103-2 The management approach and its components	§4.15.7

	103-3 Evaluation of the management approach	\$4.15.7
GRI 302: Energy 2016	302-1 Energy consumption within the organization	\$4.15.7

Water and Effluents

	303-1 Interaction with water as a shared source	\$4.15.7
	303-2 Management of water discharge-related impacts	\$4.15.7
GRI 303: Water and Effluents 2018		\$4.15.7
	303-3 Water withdrawal	\$4.15.7
	303-4: Water discharge	

Emissions

	103-1 Explanation of the material topic and its Boundary	\$4.15.7
GRI 103: Management Approach 2016	103-2 The management approach and its components	\$4.15.7
	103-3 Evaluation of the management approach	\$4.15.7
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	\$4.15.7

Waste

	306-1 Waste generation and significant waste-related impacts	\$4.15.7
	306-2 Management of significant waste-related impacts	\$4.15.7
GRI 306: Waste 2020	306-3: Waste generated	\$4.15.7

GRI 400 Social Standard Series

Employment

	103-1 Explanation of the material topic and its Boundary	\$4.15.5
GRI 103: Management Approach 2016	103-2 The management approach and its components	\$4.15.5
	103-3 Evaluation of the management approach	\$4.15.5
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	\$4.15.5
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	\$4.15.5

Occupational Health and Safety

GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	
	403-2 Hazard identification, risk assessment, and incident investigation	\$4.15.5
	403-3 Occupational health services	
	403-4 Worker participation, consultation, and communication on occupational health and safety	\$4.15.5
	403-5 Worker training on occupational health and safety	\$4.15.5
	403-6 Promotion of worker health	\$4.15.5
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	\$4.15.5
	403-9 Work-related injuries	\$4.15.5

Training and Education

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.5
	103-2 The management approach and its components	§4.15.5
	103-3 Evaluation of the management approach	§4.15.5
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	§4.15.5

Non-discrimination

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.9
	103-2 The management approach and its components	§4.15.9
	103-3 Evaluation of the management approach	§4.15.9
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Zero

Local Communities

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.6
	103-2 The management approach and its components	§4.15.6
	103-3 Evaluation of the management approach	§4.15.6
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	§4.15.6

Socio-economic compliance

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.6
	103-2 The management approach and its components	§4.15.6
	103-3 Evaluation of the management approach	§4.15.6
GRI 419: Socio-economic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	§4.15.6