

Report May 28th 2026

Consolidated Report on the Verification of Minerals and Metals from Conflict Zones and Child Labour (Articles 16 and 17 DDTro)

1. Regulatory Framework

The Federal Act of June 19, 2020 (in force since January 1, 2022) introduced specific due diligence and transparency obligations into the **Swiss Code of Obligations (Art. 964j et seq. CO)** regarding:

- **Minerals and metals originating from conflict-affected or high-risk areas** (known as "3TG minerals and metals").¹
- **Child labour.**²

These provisions, further detailed in **Ordinance 221.433 (DDTro)**, require undertakings with their registered office, central administration, or principal place of business in Switzerland to constantly review their supply chain³. As specified in the Explanatory Report of December 3, 2021, these are **obligations of means (to exercise due diligence) rather than obligations of result.**

¹ *Ores* are defined as ores and concentrates containing tin, tantalum, tungsten, niobium or gold (also in the form of by-products); *metals* are those containing or consisting of tin, tantalum, tungsten or gold (also in the form of by-products). These are further detailed in Annex 1 of the DDTro.

Conflict or high-risk areas are areas of armed conflict or fragile as a result of conflict, as well as areas characterised by precarious or non-existent governance and security, such as a failing state, and by generalised and systematic violations of international law, including violations of human rights [see Art. 2(1)c, d and e DDTro].

² *Child labour* is defined as:

(i) any form of work performed in the context of or outside of an employment relationship by persons who have not yet reached the age of 18 years and which is one of the most manifest forms of exploitation of children at work within the meaning of Article 3 of ILO Convention No. 182;

(ii) in the case of work performed on the territory of a State that has ratified ILO Convention No. 138 also: any form of child labour prohibited by the legislation of that State, provided that such legislation is in conformity with ILO Convention No. 138

(iii) in the case of work performed in the territory of a State which has not ratified ILO Convention No. 138, in addition: a) any form of work performed within or outside of an employment relationship by persons subject to compulsory schooling or who have not yet attained the age of 15 years, and b) any form of work performed within or outside of an employment relationship by persons who have not yet attained the age of 18 years, if, by its nature or the conditions under which it is performed, such work is likely to jeopardize the life, health or morals of the young person.

³ *Supply chain* means the process comprising the activity of the enterprise and that of all economic operators upstream:

(i) who are responsible for minerals or metals originating from conflict or high-risk areas and are involved in their transportation, processing and integration into the finished product;

(ii) who offer products or services in respect of which there are reasonable indications that they have been produced or supplied using child labour (see Art. 2(1)b DDTro).

Specifically, the regulatory framework requires companies to:

- **Establish a management system:** define the strategy for the Supply Chain (focusing on 3TG minerals and products/services at risk of child labour) and implement a traceability system upstream.
- **Set up a risk management plan:** map, analyze, and weight the potential adverse impacts of business activities, assessing their probability and severity.
- **Report publicly:** draw up an annual report by the Board of Directors (this document) on the fulfillment of these obligations, subject to an external audit (*negative assurance*) by the statutory auditor.

Exemptions under the DDTro: The obligation of due diligence and reporting ceases for 3TG minerals if the annual import and processing volumes are below the thresholds provided (Art. 4 and Annex 1 DDTro). For child labour, exemptions apply to SMEs (Art. 6), in cases of low risk (Art. 7), or if the company complies with equivalent recognized international standards (Art. 8).

2. Corporate Profile: IBSA Group

The parent company IBSA Institut Biochimique SA has its registered office in Lugano (Switzerland) and coordinates 20 subsidiaries located across Europe, China, and the United States. The main production sites are situated in Switzerland and Italy.

The Group operates globally in the following therapeutic areas:

- Reproductive medicine and endocrinology
- Pain, inflammation, and osteoarticular
- Aesthetic medicine and dermatology
- Uro-gynecology
- Cardiometabolic and respiratory
- Consumer health and CDMO (*Contract Development Manufacturing Organization*) activities

3. The Supply Chain Due Diligence Process

To ensure full compliance with the DDTro, IBSA has structured an integrated due diligence process based on the following operational pillars:

- **Dedicated Governance:** Establishment of a team formed by the ESG and Legal & Compliance functions, focused on risk mapping.
- **Supplier Code of Conduct:** Drafting and dissemination of ethical, social, environmental, and corporate governance standards binding on commercial partners, integrated by specific contractual clauses.

- Monitoring and Mitigation: Implementation of tools for risk mapping and preparation of a management plan to correct non-compliances, supporting suppliers in improving their practices.
- Escalation and Protection Mechanisms: Definition of disengagement procedures (*exit strategy*) for uncooperative suppliers and activation of a Whistleblowing channel (anonymous reporting).
- Transparency and Stakeholder Relations: Timely management of information flows towards CDMO customers and periodic publication of sustainability results.
- Continuous Improvement: Constant review and updating of procedures to align them with regulatory developments.

4. Supply Chain Mapping and Results

4.1 Mapping Methodology

A) 3TG minerals and metals: In line with OECD guidelines, the Procurement department performs an annual screening of the global product portfolio (medicines, medical devices, food supplements, and cosmetics) by cross-referencing the customs tariff numbers of the materials with those listed in Annex 1 of the DDTro.

B) Child labour: The geographic risk assessment is based on the UNICEF Children's rights in the workplace index. Mitigation action involves prioritizing controls based on self-declarations, scorecards (EcoVadis rating), and on-site audits.

4.2 Results (Updated Data)

A) Minerals and metals from conflict-affected areas (3TG)

IBSA does not directly import or process any 3TG minerals or metals at the Group's sites. Consequently, pursuant to Art. 4 DDTro, IBSA is exempt from formal due diligence and reporting obligations for this category.

However, as a preventive measure, the Group requires its suppliers to comply with the Code of Conduct, monitors the indirect presence of such materials in the value chain, and reserves the right to verify the information received.

B) Prevention of Child Labour

The analysis conducted on the supplier database as of 31/12/2025, using the UNICEF Children's Rights in the Workplace (Atlas) index, confirmed the absence of collaborations or procurement from countries classified as critical risk ("Heightened").

The outcome of the mapping across about 3150 suppliers shows the following risk distribution:

Risk Level (UNICEF Rating)	% Suppliers	Main Countries of Origin	Corrective Actions
Basic	96,0%	Switzerland (30%), Italy (52%), Other UE (14%)	Standard annual monitoring.
Enhanced	4,0%	US (1,8%), Other extra-UE	Deepened verifications (Self-declarations, EcoVadis rating, potential on-site audits).

All evidence and supplier master data are verified, updated, and reviewed on an annual basis.
