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1. Business Model

1.1. Introduction to the company

Almirall is a global biopharmaceutical company focused on skin health that collaborates with scientists and healthcare professionals to address patients' needs through science in order to improve their lives. The Noble Purpose guides the company's work: *'Transform the patients' worlds by helping them realise their hopes and dreams for a healthy life'*.

The company researches and invests in treatments that address unmet patient needs, which can also entail a significant emotional burden. Based on its experience, Almirall provides effective, real-world solutions that work across all phases of clinical development, including trials, approvals, launches, and physician and patient care.

One of its differentiating factors is its focus on patients' well-being and its ability to understand and meet their needs. To this end, Almirall makes all its scientific knowledge available to others and continuously invests in R&D to ensure a balanced portfolio that helps patients and also reinforces its leadership in dermatology. Almirall's commitment to patients, however, goes beyond the dermatological area. The company successfully produces and markets treatments in other strategic areas such as the central nervous system, the cardiovascular system and the gastrointestinal tract, among others.

Part of the company's success lies in the active relationship it has with both patients and key partners. Activities with partners such as healthcare professionals (HCPs), patient organisations (POs), patient advocacy groups (PAGs), and healthcare organisations and medical societies (HCOs) provide Almirall with a valuable opportunity to listen, understand and share. For this reason, the company has taken an active role in significant congresses and conferences such as those of the European Academy of Dermatology and Venereology (EADV) and the American Academy of Dermatology (AAD).

Almirall is listed on the Spanish Stock Exchange and has become a relevant source of value creation for society. In addition, since 22 June 2020 Almirall has been included in the IBEX 35, Spain's main stock market index.

Through its R&D efforts and agreements and partnerships with third parties, Almirall's operations cover the entire drug value chain, making it a specialist company, which enables it to achieve its goal of bringing the most innovative products to wherever they are needed.

1.2. Corporate Governance

Corporate governance at Almirall is guided by the Group's *Noble Purpose* (defined as *'Transform the patients' worlds by helping them realise their hopes and dreams for a healthy life'*, see section 3.1 for further details), which reflects the company's mission and unchanging essence. The aim is to ensure that the management model and the decisions taken by the Board of Directors and its committees uphold the long-term interests of the different stakeholders and guarantee the company's sustainability.

The critical elements are authority, transparency, shareholder protection and clear accountability.

The Noble Purpose and the company's corporate values are guaranteed not only through the systems established to comply with existing laws and regulations applicable to Almirall but also by leading with levels of transparency that allow us to gain the trust of patients and healthcare professionals, as well as other stakeholders, shareholders, investors, regulatory authorities, the sector as a whole and the media, etc.

In this regard, in 2021, the company published on its corporate website 14 new policies approved by the Board of Directors which, together with the four already published in 2020, as well as the internal Global Corporate Standards (Global Corporate Policies and their Standard Operating Procedures), determine how the essential guidelines of Almirall's corporate governance are regulated.

1.2.1. Board of Directors

The Board of Directors carries out its duties with unity of purpose and independence, treating Almirall's shareholders equally and always guided by the interests of the company, with an absolute commitment to maintaining and protecting its value. It also ensures full compliance with laws and regulations, as well as compliance in good faith with its obligations and contracts, fully respecting the good practices of the sectors and territories where Almirall operates, and always complying with the principles of sustainability and social responsibility that the company has voluntarily integrated into its strategic objectives.

In 2021, thirteen directors (eight independent directors, three proprietary directors, one external director and one executive director), the non-director Secretary (José Juan Pintó Sala) and the non-director Vice-Secretary (Joan Figueras Carreras) made up the Board of Directors of the company.

The members of the Board were: Jorge Gallardo Ballart (Chairman and Proprietary Director), Tom McKillop (First Vice-Chairman and External Director), Carlos Gallardo Piqué (Second Vice-Chairman and Proprietary Director), Gerhard Mayr (Independent Director), Karin Louise Dorrepaal (Independent Director), Seth J. Orlow (Independent Director), Georgia Garinois-Melenikiotou (Independent Director), Enrique De Leyva Pérez (Independent Director), Alexa B. Kimball (Independent Director), Eva-Lotta Coulter (Independent Director), Ruud Dobber (Independent Director), Antonio Gallardo Torredededia (Proprietary Director) and Gianfranco Nazzi (Executive Director and CEO).

Director Gianfranco Nazzi joined in May 2021, replacing Peter Guenter who left Almirall on 31 December 2020 to pursue new career opportunities.

The Annual Corporate Governance Report and the Annual Report on Directors' Remuneration contain additional details regarding Almirall's Board of Directors.

Board Committees

There are three Board Committees: the Audit Committee, the Appointments and Remuneration Committee, and the Dermatology Committee. Each of them operates with clear and defined roles, and their activity is regularly reviewed to ensure that the proposed objectives are achieved.

The committees meet quarterly and report their activities to the Board of Directors at each meeting.

1.2.2. Audit Committee

The Audit Committee is responsible for reviewing the company's regularly published financial and non-financial information, ensuring compliance with all legal requirements and the correct application of relevant accounting standards. It also supervises the internal audit system, internal control systems and activities related to risk control and management, in addition to constant interaction with the external auditors.

The Audit Committee and, in particular, its Chairman assume the functions related to oversight of all matters relating to sustainability and ESG.

Almirall implements both an internal audit function and an annual external audit process to ensure the integrity and accuracy of all the information it publishes. Similarly, an important function of the Committee is management of the company's risks, which it does by supervising a management project that has been in place for many years, on the basis of which all operational risks are fully assessed and other risks, such as reputational, sustainability and information security risks, are duly managed.

The Audit Committee is composed of three directors, all of whom are non-executive directors, two of whom are independent directors and one of whom is an external proprietary director. The Committee Chairman is elected from among the independent directors. This director must be replaced every four years and may be re-elected after a period of one (1) year has elapsed since leaving office. The Secretary is appointed by the Committee members. The Committee normally meets on a quarterly basis to review the periodic financial information to be submitted to stock market authorities and the information the Board of Directors must approve and include in its annual public documentation. It also meets at the request of any of its members and whenever convened by its Chairman, who must do so whenever the Board or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever it is appropriate for the proper performance of its functions.

Additionally to the aforementioned functions, the Audit Committee is in charge of:

- Giving an account of its activities and reporting on its work to the first plenary session of the Board of Directors following its meetings.
- Taking minutes of its meetings, copies of which it must send to all the members of the Board.
- Preparing an annual report on its activities, highlighting any relevant incidents that may have arisen in relation to its duties. In addition, when it deems it appropriate, it includes in this report proposals for improving the company's governance rules.
- Calling on, or even ordering, any of the members of the Company's management team or staff to appear without the presence of any other manager. Likewise, it may require the attendance of the auditors at its meetings.
- Seeking the advice of external experts when it deems it necessary for the proper performance of its duties.

In 2021, the Committee, among other matters, reviewed the company's periodic financial information, the most relevant operations, sought the opinion of the external auditors, continuously monitored the company's main risks, verified the progress of the ESG programme initiatives and the degree of progress of the planned actions in information security, supervised the results of the ICFR tests and the criminal risk prevention and management

model, and reviewed the observations and recommendations derived from the internal audit reports as well as compliance with its activity plan.

1.2.3. Appointments and Remuneration Committee

The Appointments and Remuneration Committee oversees the selection process and the remuneration policy for members of the Board of Directors and senior management of the company and its subsidiaries, in addition to supervising and coordinating the global strategic activities of Almirall's Human Resources area.

The Appointments and Remuneration Committee is responsible for formulating and reviewing the criteria to be followed regarding the composition of the management team of the company and its subsidiaries. Its responsibilities also include selection of candidates and evaluation of their skills and knowledge and of the experience required for the members of the Board of Directors and the company's management team, ensuring compliance with the remuneration policy established in this respect, as well as the review of potential conflicts of interest.

The Appointments and Remuneration Committee is made up of four external directors, three of whom are independent. The members of the Appointments and Remuneration Committee are appointed taking into account their knowledge, skills and experience, as well as the duties of the Committee. The Chairman of the Appointments and Remuneration Committee is an independent director elected from among these external directors. The Secretary of the Committee is appointed by its members. The Appointments and Remuneration Committee meets quarterly (normally). It also meets whenever convened by its Chairman, who must do so whenever the Board or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever it is advisable for the proper performance of its duties. The Committee must report on its activities and be accountable for its work to the first plenary session of the Board of Directors following its meetings. Likewise, the Committee must take minutes of its meetings, copies of which it must send to all the members of the Board. The Committee must consult with the Chairman and chief executive of the Company, especially on matters relating to executive directors and senior executives. The Appointments and Remuneration Committee may seek the advice of external experts when it deems it necessary for the proper performance of its duties.

Notwithstanding other duties that may be assigned to it by the Board of Directors, the Appointments and Remuneration Committee has the following basic responsibilities:

- Formulating and reviewing the criteria to be followed for the composition of the management team of the Company and its subsidiaries, as well as for selection of candidates.
- Reporting and submitting to the Board of Directors the proposed appointments of directors, senior executives and managers so that the Board may proceed with their appointment.
- Reporting to the Board regarding issues of gender diversity and director qualifications.
- Proposing to the Board of Directors the remuneration policy for directors and general managers or for those who perform their senior management duties under the direct supervision of the Board, executive committees or managing directors, as well as the individual remuneration and other contractual conditions for executive directors, ensuring that they are complied with.

Among other matters, during the 2021 financial year, the Committee debated and approved the reports evaluating the Chairman of the Board and Chief Executive and the functioning of the Appointments and Remuneration Committee to be submitted to the Board of Directors of the company for the corresponding purposes. The Committee also discussed the updating of the human resources plan, the composition of the Board and the re-election of directors. In addition, the SEUS evaluation and the proposal for 2021 were discussed.

1.2.4. Dermatology Committee

The Dermatology Committee verifies and discusses Almirall's medical dermatology strategy and oversees activities related to implementation of this strategy, as well as relevant R&D and business development projects before the Board of Directors decides on them.

The Dermatology Committee usually meets quarterly. It must also meet whenever convened by its Chairman, who must do so whenever the Board or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever it is advisable for the proper performance of its duties. The Committee must take minutes of its meetings, copies of which it must send to all the members of the Board. The Board of Directors deliberates on the proposals and reports submitted to it by the Committee. The Dermatology Committee may seek the advice of external experts when it deems it necessary for the proper performance of its duties.

Its most important activities during the 2021 financial year were related to the review of potential business development operations, as well as the evaluation of R&D projects, always in the area of dermatology.

1.2.5. Corporate Governance Committee

The Corporate Governance Committee is an internal committee chaired by the Chairman of the Board, and its functional scope includes corporate governance, corporate defence, risk management and internal auditing, as well as oversight in matters of compliance and sustainability.

The Committee is composed of Almirall's Chairman (who also chairs the Committee), the Chief Executive Officer, the Executive Vice President of Finance and CFO, the Executive Vice President of Research and Development, Chief Scientific Officer, the Senior Vice President of Human Resources, the Senior Vice President of Legal Affairs (vacant at the close of 2021), the Director of Internal Auditing and the General Counsel, who also acts as Secretary of the Committee.

Almirall also has an established Risk Management Committee, which reports to the Chairman of the company and to the Corporate Governance Committee and, through the Internal Auditing Director, to the Audit Committee of the Board of Directors.

1.2.6. Management Board

Almirall's Management Board is the internal committee that leads the company's governance, reporting to the Chief Executive Officer, and it represents the most important areas of the organisation, defining the company's long-term objectives and strategies, establishing the principles and approving the contents of the various Almirall internal corporate policies.

The mission of the Management Board encompasses the following responsibilities:

- Directing all strategy and strategic decisions of the company not expressly reserved for the Board of Directors, in accordance with the general responsibilities and guidelines established by the Board of Directors and/or delegated by it to the Chief Executive Officer;
- Taking all extraordinary organisational decisions not expressly reserved for the Board of Directors or delegated to another committee, body or person;
- Managing the organisation in accordance with the general responsibilities and guidelines established by the Board of Directors and/or delegated by it to the Chief Executive Officer;
- Taking all day-to-day management decisions for the organisation not expressly reserved for the Board of Directors or delegated to another committee, body or individual; and
- Maximising the strategic value of Almirall's personnel management policies and working environment.

The members of the Management Board include the Chief Executive Officer, who chairs the Committee, the Executive Vice President of Finance, CFO, the Executive Vice President of Research and Development, Chief Scientific Officer, the Senior Vice President of Industrial Operations, the Senior Vice President of Legal Affairs (vacant at the close of 2021), the Senior Vice President of Human Resources, the Chief Digital Officer, the Chief Medical Officer, the Chief Commercial Officer Europe & International, and the General Counsel, who also acts as the Secretary of the Committee.

There are also other internal committees which report to the Management Board, including the Pipeline Committee, the Tax Committee, the Product Safety Committee and the ESG Committee.

1.2.7. COVID-19

In 2021, most meetings of the company's internal committees, particularly of the Management Committee, continued to be held electronically, as did the meetings of the company's Board of Directors and of the Board Committees, including the company's Annual General Meeting held in May 2021, as well as the Extraordinary General Meeting held in June.

1.3. **Objectives and strategy**

The company's strategic focus is on (i) driving growth in dermatology while optimising the value of its current portfolio; (ii) expanding the portfolio and pipeline in priority therapeutic areas through an effective combination of R&D and corporate development; (iii) achieving selective expansion in key countries; (iv) increasing the company's competitiveness through greater proximity to Almirall's patients; and (v) promoting an organisation with a culture based on the company's corporate values.

1.3.1. Noble Purpose and Corporate Values

'Transform the patients' worlds by helping them realise their hopes and dreams for a healthy life'

Almirall's Noble Purpose is patient-centred and guides the Group's strategy, leadership, culture and mentality. It focuses on a unique patient experience, with solutions that offer the greatest possible benefit to the patient. The emphasis is on the patient's well-being, and therefore every effort is made to offer effective solutions. There is also active engagement with patients and the medical community to better understand their needs. Almirall's operating model, from scientific innovation to clinical development and marketing, is based on understanding the patient's environment in order to add value.

The millions of patients who use Almirall's treatments around the world place their trust in the company and expect it to be able to provide them with medical solutions that improve their well-being and quality of life.

The company offers medical solutions based on science. It undertakes research and invests in order to provide innovative treatments to the healthcare professionals who address their needs in the field of dermatology. Almirall cares about quality of life, and this gives it a better understanding and social awareness of diseases that cause people emotional distress, such as psoriasis.

Relationships with patients and other stakeholders depend to a large extent on awareness of the disease, and thus all of Almirall's activities are aligned with the strategy of raising awareness of these diseases, their symptoms and consequences, and of possible solutions.

Almirall is focused on delivering innovative, patient-centred solutions through science.

The entire organisation is committed to continuing to be a leader, and to being transparent and true to our Noble Purpose and sharing our values:

- *'Caring'*: Patients are always at the centre. The company listens to and empathises with patients, and they work with them to achieve success.
- *'Dedicated'*: The company's professionals never throw in the towel. They are committed, passionate, responsible and bold.
- *'Dynamic'*: The team is agile and tries to simplify, challenging the status quo and empowering the entrepreneurial mindset.
- *'Expert'*: In addition, Almirall always aims to stay one step ahead by being rigorous in everything it does and daring to try new things and to learn.

1.3.2. Research and Development

One of the key factors in Almirall's business model is its research and development (R&D) activities, which go back more than 40 years, the essential purpose of which is to provide innovative solutions to address unmet medical needs. Almirall's R&D focuses on areas where it can make a more significant contribution, with the aim of improving patients' health and quality of life. Thanks to its three specialised research centres, together with international partnerships, the company has products at almost all stages of development.

Almirall carries out most of its R&D activities at its facility in Sant Feliu de Llobregat (Barcelona), which opened in 2006. With over 27,500 m² of space, it is equipped with the most advanced technology and staffed with highly qualified professionals in all the disciplines involved in the research and development of new drugs. In addition to this facility, Almirall also has a chemical plant in Sant Celoni and another in Sant Andreu de la Barca (also in the Barcelona area), which provides the active ingredients needed for toxicological, preclinical and clinical studies. Other smaller-scale activities are carried out at the Group's sites in Reinbek (Germany) and Mendrisio (Switzerland).

Beyond R&D, Almirall is committed to strengthening the skills of healthcare professionals. To this end, the company organises and sponsors courses, conferences and medical meetings in each of the main therapeutic areas. In addition, Almirall's articles and clinical trial results are published in international scientific journals.

Knowledge sharing with the medical community also extends to collaborative projects. Almirall partners with academic institutions, hospitals and scientific societies to increase knowledge about diseases.

In addition to its own R&D programme, Almirall establishes agreements with public and private organisations, as well as with academic research teams and biotechnology companies around the world, to create a knowledge exchange network and promote innovation for the benefit of society. This enables the creation of new research programmes that respond to the current needs of society and, additionally, provides access to new technologies, thereby accelerating the process of identifying new drugs.

1.3.3. Digital Transformation

Like many other industries, the pharmaceutical industry is undergoing a major transformation. For this reason, and in order to remain a competitive industry over the long term, Ammirall must include innovation in all the processes in its value chain and establish new approaches and strategies for launching new products.

In addition, the company is increasingly incorporating digital resources into its activities to establish more efficient processes, as well as to increase the reliability and speed of diagnosis of skin conditions, enabling it to develop solutions that go beyond medication. Ammirall is harnessing the great potential of digitalisation and technology with the aim of transforming medicine, research and the way it interacts with its patients in a way that brings them value.

The company is pursuing this digital transformation by implementing new approaches based on four pillars:

- Commercial innovation: Thanks to the development of innovative actions, Ammirall is able to differentiate its products and support healthcare professionals and patients.
- Innovation in R&D and production: Through the use of real-world data, the company is improving efficiency in drug production and decision-making processes in terms of time, cost and impact.
- External communications and digital outreach: The company generates a positive impact on its communications by promoting new digital business models with which it accesses new value niches.
- Data and analytics: Ammirall is building a solid and complete database to provide a realistic view of the business.

As medicines and healthcare become more complex, digitalisation is progressing rapidly and is increasingly being incorporated at all levels of healthcare. Given the need for digital transformation, applications have been developed that enable healthcare professionals to diagnose and prescribe medicines to patients much more quickly and safely, while allowing them to monitor treatments and evaluate their effectiveness. In 2021, the company carried out a variety of initiatives, such as digital mental health solutions for psoriasis patients, algorithms applied to production aimed at greater efficiency and cost reductions in the manufacture of our products, tools for analysis and archiving of evidence from clinical trials, and algorithms for identifying potential relationships between proteins and indications.

Lastly, Ammirall has a mentoring programme for healthcare startups and entrepreneurs called *Digital Garden* (<https://almiralldigitalgarden.com>). Digital Garden is Ammirall's digital healthcare business accelerator for dermatology, and its purpose is to help start-ups focused on developing innovative technology-based services and solutions across the lengthy patient journey in dermatology to grow. It also seeks meaningful collaborations with leading minds outside Ammirall to find solutions that address some of the dermatology challenges facing patients today. The *Digital Garden* is based in the Barcelona Health Hub, at the Sant Pau Hospital in Barcelona.

This initiative provides access to a nine-month acceleration programme at the Barcelona Health Hub. Ammirall does not participate in the projects' equity but rather assists in the process of bringing start-ups to market and facilitating their access to venture capital.

- Financing with 0% equity and linked to specific milestones, to facilitate growth.
- Mentoring by Ammirall executives and pharmaceutical industry experts in all specialties and phases of the programme.
- The opportunity to connect with investors and other key players through targeted events such as participation in investor days and technology and digital healthcare conferences all over the world.
- Digital pilot test bed with leading hospitals in Barcelona, with potential access to HCPs and patients.
- Collaboration in real Ammirall projects (where applicable).
- Access to Ammirall's communication and public relations network to promote their companies.
- Support in launching and pitching to investors with the aim of graduating to venture capital funding. The programme includes an investor day.
- Potential access to Ammirall's datasets to build models based on real clinical data.
- Customised programme according to the needs of their companies.

As a result of this programme, the following partnerships emerged in 2020 and 2021:

- AI Derm: Cognitive Artificial Intelligence tool that enables healthcare professionals to diagnose, treat and monitor skin cancer. It provides recommendations and management through advanced analytics and deep learning within a multidimensional analysis adapted to precision medicine. It was founded by professionals from the Hospital Clinic of Barcelona.
- Ampersand: digital therapies that use behavioural and data science to improve patients' quality of life by providing them with educational, practical and personalised content in an appropriate and easy-to-understand form. DTx: for people living with long-term inflammatory diseases that enables patients to make better self-care decisions and find ways to live with their conditions.

- Legit: offers healthcare professionals a platform for patient management that includes AI diagnosis and treatment of 139 skin diseases. It uses technology to reduce the effort of healthcare professionals and automate many aspects of dermatological practice. It offers patients and clinicians the possibility of telematically, automatically and agilely monitoring changes in skin lesions that are often gradual and subtle, correlating various symptoms to identify triggers and assess treatment effectiveness.
- Patch AI: empathic conversational agent that collects patient outcomes and integrates data points from multiple devices to obtain information about the patient's state of health. Its mission is to improve people's quality of life and to help pharmaceutical companies offer safer, more affordable and personalised treatments. It is a stand-alone software application that is supplied in the form of a mobile application for ease of use by the patient.
- Tryl: first online platform and mobile app to apply consumer-level user experience (UX), behavioural science and real-time data to improve adherence, reduce dropouts and make clinical trials faster, more cost-effective and accurate.
- Vila Health: cloud application solution based on a conversational interface. It guides the user through short, targeted and highly interactive conversations that provide step-by-step professional guidance and support for the specific psychosocial challenges of living with a lifelong disease. Fun and playful interactions that become part of people's lives and build a journey towards mental wellbeing despite suffering from a physical illness.
- Haut.AI: B2B SaaS platform created by an Estonian team that offers a broad functionality of machine vision algorithms for skin care through a simple and ready-to-use API. Haut.AI recognises the characteristics of multiple conditions and diseases with machine learning algorithms trained on a database of over 1 million images. Haut.AI enables skin care and pharmaceutical customers to create digital products using the available AI.
- Derma2go.com: this innovative tool takes care of the needs of both patients and dermatologists. Patients fill out an online form at derma2go.com, upload photos of their skin problem and provide a description. The dermatologists access the form and provide a dermatological diagnosis within a few hours. Derma2go is intended to serve as a triage tool to reduce costs and waiting times for appointments in response to the shortage of dermatologists.
- Ancora: Intrepida(nalytics) has created a patient app that is the match.com of clinical trials. The tool leverages NLP to allow patients to directly access trial information in an easily searchable and targeted way, which helps trial sponsors recruit more diverse and suitable patients faster. Ancora also provides patients with educational resources on the trials and enriched information on potential matches. Ultimately, the tool democratises patient access to clinical trials, while helping drug developers to increase efficiency and maximise time on patent.
- UVisio: personalised digital solution for the prevention of skin reactions to the sun. It consists of a standalone wearable device and a mobile application for UV monitoring and self-analysis of the skin before and after UV exposure to determine personal sun sensitivity, give personalised advice and provide the information to the dermatologist.

In addition, a third edition is being prepared and the chosen candidates will be announced in 2022.

1.4. Sustainability and ESG

1.4.1. Context

In 2020, given its commitment to increasing its contribution to society, Almirall approved a new Sustainability/ESG strategy, continuing with the integration of environmental, social and ethical issues in the decision-making process. ESG (environmental, social and governance) criteria are present in Almirall's day-to-day activities and at all levels of the company, from the Board of Directors, its Commissions and the Management Board to its professional teams and including all its relationships with stakeholders.

This new sustainability strategy meets a number of objectives, of which the most important are to (i) maximise value creation for patients and various stakeholders, (ii) promote ethical behaviour by increasing corporate transparency and strengthening the company's reputation, and (iii) identify and mitigate any risks caused by the company's activities. Almirall's Chief Executive Officer is responsible for internal oversight of all sustainability-related activities and for establishing control and management measures, as well as for reviewing ESG initiatives and programmes, the internal committee for which reports directly to him. The Audit Committee and, in particular, its Chairman assume the functions related to oversight of all matters relating to sustainability and ESG.

In addition, integrity and transparency are fundamental pieces in the sustainability of the company and are integrated into all its processes and activities. In keeping with its commitment to transparency, Almirall gathers, builds and provides, clearly and consistently, factual, complete and accessible information to all its stakeholders in order to generate trust in the company and credibility. Furthermore, the company and all its European subsidiaries adhere to the Code of Practice of the European Federation of Pharmaceutical Industries and Associations (EFPIA),

as well as those of the corresponding local associations in the European countries where Almirall operates, such as Farmaindustria in Spain, always complying with the applicable legislation in force in each country. In this regard, the company publishes information on payments and value transfers to healthcare professionals or organisations for activities such as consultancy, meetings and advice, in accordance with the corresponding legal provisions.

1.4.2. Sustainability Policy

In February 2020, Almirall's Board of Directors approved a modification of the Corporate Social Responsibility Policy (hereinafter CSR), renaming it the Sustainability Policy and assigning responsibility for internal oversight in this area to the Chief Executive Officer. In accordance with this approval, a new Corporate ESG Committee was formed in 2020, reporting to the Management Board, with the mission of managing and leading the plans, programmes, projects and initiatives related to the ESG strategy approved by the Board of Directors.

Almirall understands sustainability as a company's responsibility for its impact on society and the environment. To fulfil this responsibility, Almirall is committed to integrating ethical, social and environmental concerns into its business and operational strategy in close collaboration with its stakeholders in order to (i) maximise the creation of shared value for its shareholders and other stakeholders and for society in general; (ii) foster a culture of ethical conduct that increases corporate transparency; (iii) strengthen the company's reputation and external recognition, and (iv) identify, prevent and mitigate possible adverse effects caused by its activity.

In order to achieve the aforementioned objectives, Almirall adopts the following general principles:

- Align its conduct with the principles contained in the Code of Ethics and the other Corporate Governance Rules, which regulate the conduct expected of Almirall employees in the performance of their activities.
- Foster communication and dialogue with its main stakeholders through various communication channels, promoting relationships based on mutual trust.
- Promote transparency in the information released regarding Almirall's actions and activities, and adopt responsible communication practices to prevent manipulation of information and protect the integrity of Almirall's reputation.
- Proactively manage non-financial risks and opportunities arising from the markets and the context of business transactions.
- Ensure the creation of shared value for shareholders and other stakeholders over the long term.
- Reduce the environmental impact of its activities in the areas where it operates.
- Strictly comply with the applicable laws and regulations in the countries where it operates

1.4.3. ESG strategy

In 2020, Almirall carried out a new internal and external ESG diagnosis, as well as a materiality analysis of the different aspects analysed, identifying which were the most important for the different stakeholders. The result of this exercise led to the formulation and confirmation by the Board of Directors, in July, of a new ESG Strategy.

The internal diagnosis was carried out through:

- i. review and assessment of all existing internal ESG documentation by a specialised consulting firm; and
- ii. direct consultation with Almirall's Senior Management through structured interviews.

In contrast, the external diagnosis was carried out through:

- i. benchmarking with leading companies in the sector and with companies similar to Almirall;
- ii. consultation of public information from different sectorial opinion leaders;
- iii. consultation of public information from different ESG opinion leaders; and
- iv. direct consultation through structured interviews with representatives of the most relevant stakeholders.

Thirty-nine ESG aspects were identified for evaluation, both internally and externally, and their prioritisation is reflected in the corresponding materiality matrix.

As a summary of the materiality analysis carried out, the following 22 aspects were identified as material: Research, development and innovation, Compliance and anti-corruption, Business model and strategy, Product quality, Employee health and safety, Corporate governance, Risk and opportunity management, Pharmacovigilance, Patient-centred care, Talent development and retention, Strategic alliances, Responsible supply chain, Employee well-being, Customer relations, Corporate information availability, Talent attraction, Financial performance, Product safety, Efficient energy management, Inclusion and diversity, Human rights, and Climate action.

In 2021, Almirall pushed forward the development and implementation of the ESG Strategy, which is structured through 15 working areas grouped into four top-level strategic lines, as shown below:

Environment

- (1) Continue to develop the strategy for combating climate change.
- (2) Detail the calculation and improvement of the carbon footprint.
- (3) Increase energy efficiency management.

Social

- (4) Increase the visibility of social actions by establishing a corporate framework.
- (5) Continue with deployment of the supplier risk management model.
- (6) Increase the detail of the patient engagement plan in alignment with the Noble Purpose.
- (7) Update and extend the equality and diversity programme to include all types of diversity.
- (8) Involve employees in social impact initiatives.
- (9) Develop a holistic approach to occupational health and safety through an employee wellness programme.

Governance

- (10) Develop and implement an anti-corruption and anti-bribery policy.
- (11) Detailed revision of the Code of Ethics and the whistleblowing channels, extending them to all stakeholders.
- (12) Expand the extent and quantification of ESG risks, in the medium to long term, on the company's risk map.

Management and communication

- (13) Extend the definition of the governance model, performance objectives and scorecard of the ESG Policy.
- (14) Expand adherence to external initiatives aligned with ESG priorities and evaluation by ESG indices.
- (15) Accelerate and improve internal and external communication on ESG.

The ESG Strategy, and its working areas and initiatives, are aligned with the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda, as summarised below:

Environment: 3-Good health and well-being, 7-Affordable and clean energy, 13-Climate action.

Social: 3-Good health and well-being, 5-Gender equality, 8-Decent work and economic growth.

Governance: 3-Good health and well-being, 9-Reduced inequalities, 16-Peace, justice and strong institutions, 17-Partnerships for the goals.

Management and communication: 8-Decent work and economic growth, 16-Peace, justice and strong institutions, 17-Partnerships for the goals.

The remaining sections of this report detail information on achievements and progress in the different working areas of the ESG Strategy during 2021.

1.4.4. ESG assessments and ratings



In 2021, Almirall received the results of the Sustainability and ESG assessment carried out by EcoVadis in 2021, having obtained a score of 74/100, thus moving directly from the Silver Medal obtained in 2020 to the Platinum Medal, without going through the Gold Medal. In relation to the 2020 Sustainability and ESG assessment, in which Almirall obtained an overall score of 63/100, this year it has improved substantially in the 'Sustainable Procurement' dimension, having also improved in the 'Environment' and 'Labour & Human Rights' dimensions. In the 'Ethics' dimension, the same score has been maintained.

EcoVadis is a universal provider of sustainability and ESG ratings, having assessed over 85,000 companies in over 200 business sectors in more than 160 countries. With regard to the companies assessed by EcoVadis in the 'Manufacture of basic pharmaceutical products and pharmaceutical preparations' sector, it should be noted that Almirall is in the top 1% of the companies assessed.

Likewise, in 2021, Almirall's overall ESG management and performance was assessed and rated by other ESG rating agencies and entities. For example, Morningstar's Sustainalytics assessed Almirall's environmental, social and governance dimensions, giving it an ESG Risk Rating of 27.8, which corresponds to Medium Risk, placing Almirall in the 14th percentile (1st percentile = lowest risk) of the Pharmaceuticals business sector.

In addition to these overall ESG ratings, other specific ratings on specific aspects of ESG are detailed in this document, e.g., ISO 14001:2015 certification for environmental management, ISO 50001:2018 certification for energy management, ISO 45001:2018 certification for occupational health and safety management, 'Top Employer' certification, CDP rating on climate change, etc.

1.5. Risks and future trends

Almirall's Risk Management System is based on the existence of an annual Risk Map, which prioritises the most significant risks on the company's global risk map. This system, coordinated by Internal Auditing, is based on consolidation of the analysis and assessment of events, risks, controls and action plans to mitigate them, carried out by the business and support units that make up the different company areas. For risks related to taxation, there is also a Tax Committee for controlling, managing and minimising them.

Preparation and implementation of the Risk Management System is the responsibility of the company's Senior Management, and the function of overseeing its effectiveness is carried out by the Risk Management Board, which is functionally linked to the Audit Committee and the Chairman's Office, given that it refers directly to an essential responsibility of the Board of Directors itself.

The company operates in a sector characterised by great uncertainty about the outcome of R&D expenditures and in a highly competitive market in the therapeutic areas on which it is focused. The pharmaceutical industry is an industry subject to the decisions of health authorities for both approval of products and determination of marketing conditions, as well as being a highly regulated industry in terms of the environment and aspects related to pharmacovigilance, quality and codes of good practice in promotional activities.

These factors result in a nature of risks that are addressed by taking a conservative stance, being very selective in resource allocation and establishing very rigorous and effective processes and controls in operations.

All risks that could have a significant impact on the achievement of company objectives are assessed. Risk factors to which Almirall is subject include:

- Regulatory risks, arising from regulatory changes established by the various regulators, or from changes in social, environmental or tax regulations. Examples include price reductions or volume limitations for existing products and difficulties in obtaining requested prices or reimbursement conditions for new launches due to decisions by health authorities, with the concomitant impact on sales forecasts.
- Market risks, related to the exposure of Almirall's earnings and equity to changes in prices and other market variables, such as exchange rates, interest rates, commodity prices, financial asset prices and others.
- Credit risk, in the event that a counterparty does not comply with its contractual obligations and produces an economic or financial loss for the company.
- Business risks, established as the uncertainty as to the behaviour of the variables inherent to Almirall's business, such as the characteristics of demand, the supply of raw materials and the appearance of new products. Examples include revenue erosion and loss of market share due to the progressive entry of generics, deterioration of intangible assets due to a lower-than-expected net revenue stream in some businesses or an R&D pipeline that is not sufficiently balanced and differentiated in its different phases to nourish the product portfolio.
- Operational risks, referring to direct or indirect economic losses caused by inadequate internal processes, technological failures, human error or as a consequence of certain external events. Operational risks also include legal and fraud risks and ones associated with information technology and cybersecurity (cyber-attacks or security incidents that allow access to confidential information or disrupt business activities).
- Reputational risks, which include the potential negative impact associated with changes in the perception of Almirall by its different stakeholders.

The company also takes into account sustainability risks, including environmental, social and governance (ESG) risks, and pays close attention to those associated with climate change, human resources and talent recruitment, among others:

- Environmental risks: Almirall's environmental policy aims, among other things, to minimise the environmental impact of new products and developments, ensure compliance with applicable legal requirements and other principles to which the organisation subscribes, and apply pollution prevention techniques. Section 2, 'Environmental management', describes the main actions taken in relation to the environment.
- Risks to society: With respect to potential risks with social impact, Almirall's quality system covers the entire production process, from procurement of raw materials to the release of the finished product, in order to minimise the risk of releasing a product onto the market with compromised quality, efficacy or safety.

The company has a complaint control and pharmacovigilance system for rapid detection of possible problems of product quality, efficacy or safety and the adoption of corrective measures. In addition, product traceability control systems would enable a quick and effective recall of any batch of product from the market. Section 4.6, 'Quality Systems and Pharmacovigilance as tools to ensure product quality, health and consumer safety', discusses these aspects in greater detail.

Employee safety standards are more rigorous than required by law and thoroughly documented. Product liabilities and potential incidents at facilities are covered by global risk management policies and insurance programmes.

- Governance risk: The company has policies established for corporate social responsibility, communication with financial markets and compliance with good practices in tax matters.

In November 2020, the company's Board of Directors approved a Risk Management Policy that confirms the guidelines and framework for Almirall's entire risk management system. There were no significant changes in 2021.

In relation to the impact of COVID-19, as indicated in the Group's consolidated annual accounts, the pandemic situation is not expected to return to March 2020 levels, although the new variant of the virus (Omicron) is perpetuating the uncertainty due to its high levels of transmissibility and the impact it could have on the global economy. However, given the high level of vaccination combined with milder symptoms, no drastic measures are expected to affect the Group's operations. As early as 2020, the Group adopted various measures to make its working conditions more flexible and to digitalise processes in order to ensure the safety of its employees and to enable production, development and commercial activities to continue. These measures remain in force in 2021, in accordance with the legislation and recommendations of the administrations of each territory where the Group operates.

1.6. Prevention of and fight against money laundering

In pursuing its activities, Almirall is governed by a strong sense of corporate responsibility, integrity and transparency, as well as by strict and faithful compliance with current legislation.

For this reason, the company, in addition to the various policies approved by the Board of Directors and published on the Almirall corporate website, has a series of ethical principles and values that govern the actions of all its employees and executives. All these principles, values and conduct guidelines are reflected in Almirall's 'Code of Ethics' and in the 'Supplier Code of Conduct', and they are implemented in the company's Global Corporate Standards, contained in the Global Corporate Policies and its Standard Operating Procedures.

In October 2021, the Code of Ethics was updated to make it easier to use and more accessible to employees in all subsidiaries as well as to internal and external customers through the website.

Also in December 2021, a new internal whistleblowing channel, '*Speak up*', was launched to help Almirall employees work together to address potential bribery, corruption, fraud, abuse and other conduct not aligned with the Code of Ethics. It is a channel that has been implemented globally in more than 60 languages, and it can be used by all internal Almirall employees and external personnel who have access to the systems. The privacy of employee data in this whistleblowing channel has been guaranteed in accordance with EU guidelines.

This channel allows the communication of allegations anonymous or confidential, through a third party, which are managed and analyzed by Human Resources and Global Compliance & Privacy.

No allegations of corruption were reported during the 2021 financial year.

Almirall has Corporate Risk Control and Risk Management Policies with a threefold purpose:

- Prevent potential risks that may entail legal liability both for the company and its administrators, attorneys-in-fact and/or legal representatives;
- Anticipate the management of such risks; and
- Verify compliance with the corresponding regulatory framework applicable to the company, both internal and external.

Years ago, Almirall's Board of Directors approved a 'Criminal Risk Prevention and Management Model' which determines the system of organisation, prevention, management and control of the criminal risks of Almirall and its subsidiaries.

This 'Model' develops a plan for prevention of the commission of crimes by the company, and compiles the procedures and controls that currently exist for effective prevention and mitigation of criminal risks, based on a detailed analysis of those that could hypothetically arise in Almirall's different areas, taking into account, on the one hand, the policies and controls already in place, and on the other, the sensitivity to criminal risks detected in the specific processes, depending on the sector and the activities that Almirall engages in.

1.7. Control of contributions to foundations and non-profit entities

In 2021, Almirall made contributions totalling 1,518 thousand euros to various non-profit associations in the different geographical areas where the Group operates, including the following:

- International Federation of Pharmaceutical Manufacturers & Associations (IFPMA): in partnership with the global healthcare community, IFPMA promotes policies that encourage innovation, resilient regulatory systems and high quality standards; advocates ethical practices; and champions sustainable healthcare policies to meet the needs of patients and the healthcare system. In 2021, the Group contributed 332 thousand euros.
- European Federation of Pharmaceutical Industries and Associations (EFPIA): represents the biopharmaceutical industry operating in Europe. Through its direct members, 36 national associations, 39 leading pharmaceutical companies and a growing number of small and medium-sized enterprises (SMEs), EFPIA's mission is to create a collaborative environment that enables its members to innovate, discover, develop and deliver new therapies and vaccines for people across Europe, and to contribute to the European economy. In 2021, the Group contributed 287 thousand euros.
- Farmaindustria (Spain): is the National Business Association of the Pharmaceutical Industry established in Spain, and it represents the associated laboratories before society and its Public Administrations, collaborates with them, promotes the sector's commitment to R&D, conveys the reality of the pharmaceutical industry to the public and offers companies value-added services. In 2021, the Group contributed 147 thousand euros.
- Verband der Chemischen Industrie (Germany): The German Chemical Industry Association represents the economic policy interests of chemical and pharmaceutical companies in Germany. As the voice of industry-wide economic policy, the association discusses with other stakeholders, elected officials and authorities, the scientific community and non-governmental organisations the optimal design of framework conditions in Germany as an industrial location. In 2021, the Group contributed 211 thousand euros.
- Bundesverband der Arzneimittel-Hersteller (BAH, Germany): The German Association of Pharmaceutical Manufacturers (BAH) is the main trade organisation of the pharmaceutical industry in Germany. It represents the interests of some 400 member companies, which maintain around 80,000 jobs in Germany. In addition to drug manufacturers, BAH members are also pharmacists, lawyers, publishers and agencies, as well as market research and opinion institutions. BAH advocates safe and responsible self-medication through professional medical and pharmaceutical advice. It therefore strongly supports the legal protection of the incumbent pharmacy as the primary institution for distribution. In 2021, the Group contributed 133 thousand euros.
- Adelphe (France): is a non-profit state-owned company whose objective is to develop recycling of household packaging by businesses in France. Adelphe, which has been active in the wine and spirits sector for over 25 years, is also present in the bakery, food and beverage and pharmaceutical industries, and it enables its customers to fulfil their environmental responsibility. In 2021, the Group contributed 84 thousand euros.

2. Environmental management

2.1. Management approach

In addition, we are fully committed to promoting sustainable development, efficient management of natural resources and pollution prevention.

Achieving its goals is as important to the company as how this is accomplished. Accordingly, its commitment to society goes beyond offering scientific solutions to patients and compliance with environmental legislation and regulations. It is also based on developing its own environmental policy that guarantees the responsible use of resources, thereby working towards a more sustainable planet.

Almirall has a Global Corporate Prevention and Environment Policy, which establishes that one of the priority and strategic objectives that drive the daily activity of the organisation is occupational health and safety and environmental protection, which includes energy performance. To this end, the following basic principles, among others, are established:

- A commitment to environmental protection by promoting its integration into the company's daily work processes.
- Efficient and sustainable management of resources, use of renewable energies, and commitment to mitigating and adapting to climate change through programmes to reduce greenhouse gas emissions.
- A commitment to support the procurement of energy efficiency products and services that impact energy performance, as well as support for design activities that consider energy performance improvement.

- A commitment to continuous improvement of Almirall's environmental management to improve its performance, complying with the applicable legal requirements and other requirements to which Almirall voluntarily subscribes.
- Establishment of periodic programmes, with objectives and targets in line with the applicable regulations, with the Global Corporate Prevention and Environment Policy itself, and with the risks and opportunities identified in terms of environmental protection.
- Training, involvement and participation of Almirall's staff and partner companies in the application of the principles contained in the Global Corporate Prevention and Environment Policy.
- A commitment to consultation and participation of workers and, where they exist, workers' representatives.
- To ensure the availability of the necessary information and resources, and proper planning for their use.
- Respect for the environment is an objective of the company as a whole, and therefore responsibility for its achievement is shared by all Almirall's employees, regardless of their level or role.

Efforts in this area extend through the entire product life cycle, from design in R&D to manufacturing, and also encompass procurement of raw materials and the end of life of the product.

Almirall has an integrated occupational health and safety, environmental and energy management system. In 2019, Almirall successfully passed the TÜV Rheinland certification audit of the integrated management system, in accordance with international standards ISO 45001:2018, ISO 14001:2015 and ISO 50001:2018, at all its centres in Spain and Germany. In 2021, the second annual follow-up audit was carried out by TÜV Rheinland with the very positive result of 0 non-conformities according to ISO 14001:2015 (environmental management) and ISO 50001:2018 (energy management) standards.

Almirall has held ISO 14001 certification since 2004 and obtained the certification according to the most recent version of the standard (ISO 14001:2015) in 2018.

Likewise, in relation to energy management, after becoming, in 2013, one of the first pharmaceutical laboratories to obtain ISO 50001:2011 certification, in 2019 the system was adapted and certified in accordance with the new ISO 50001:2018 standard, revalidating the effectiveness of the system put in place.



The scope of the prevention and environmental management system, including energy performance, is as shown on the table below:

| Country | Type of centre | Centre | Activity | ISO 45001 | ISO 14001 | ISO 50001 |
|---------|-------------------------------------|---------------|---|-----------|-----------|-----------|
| Spain | Offices | Headquarters | R&D activities, manufacture of active ingredients, manufacture and marketing of pharmaceutical specialities | X | X | X |
| | | Sales network | Marketing of pharmaceutical specialities | X | | |
| | R&D Centre | Sant Feliu | R&D activities | X | X | X |
| | Chemical Plant | Sant Celoni | Manufacture of active ingredients | X | X | X |
| | Chemical Plant | Sant Andreu | Manufacture of active ingredients | X | X | X |
| | Pharmaceutical Plant | Sant Andreu | Manufacture of pharmaceutical specialities | X | X | X |
| Germany | Mixed (Offices, Pharma, R&D, Sales) | Reinbek | Manufacture and marketing of pharmaceutical specialities | X | X | X |

Table 1 – Scope of the system for prevention and environmental management, including energy management

Almirall has a series of established and implemented due diligence processes and procedures, which it continuously updates, to ensure that the prevention and environmental management system is appropriate, adequate and effective. The most relevant ones in relation to environmental management are listed below:

- Prevention and Environment Manual.
- Risks and opportunities in prevention and environment.

- Evaluation of environmental aspects.
- Energy review.
- Legal and other requirements.
- Training in prevention and environment.
- Communication, participation and consultation in prevention and environment.
- Management of prevention and environmental documentation.
- Change control in prevention and environment.
- Industrial safety in equipment and installations.
- Monitoring of work with special risks.
- Monitoring of suppliers of works and services.
- Monitoring of wastewater discharges.
- Monitoring of air emissions.
- Waste management.
- Monitoring of noise pollution.
- Road transport of hazardous goods.
- Emergency plans.
- Prevention and environmental audits.
- Management review of the prevention and environmental system.
- Incidents, non-conformities, opportunities for improvement and corrective actions.

At the corporate level, Almirall has an Environmental Team, which reports to the Head of Corporate Social Responsibility, who, in turn, reports to the Vice President of Human Resources. This team has two full-time staff members and is complemented in the different areas and work centres by the participation of other collaborators with specific functions assigned to environmental management on a part-time basis.

Almirall currently has a non-mandatory environmental risk insurance policy with a cover of 10 million euros.

Almirall was not subject to any fines or sanctions for non-compliance with environmental regulations in 2021.

This report excludes the data associated with the leased Almirall offices of the sales subsidiaries because they are not material (impact less than 5% in all environmental aspects).

2.2. European Taxonomy

The European Commission has established a specific classification system to identify environmentally sustainable economic activities, acting as an important facilitator to support sustainable investment and to implement the European Green Deal.

By providing appropriate definitions of economic activities that can be considered environmentally sustainable, it aims to create certainty and transparency for investors, protect private investors from greenwashing, help companies plan the transition, mitigate market fragmentation, and ultimately bridge the sustainable investment gap.

The European taxonomy established six environmental objectives to identify environmentally sustainable economic activities:

- i. Climate change mitigation
- ii. Adaptation to climate change
- iii. Sustainable use and protection of water and marine resources
- iv. Transition to a circular economy
- v. Pollution prevention and control
- vi. Protection and restoration of biodiversity and ecosystems.

An economic activity is defined as environmentally sustainable if it

- a. contributes substantially to at least one of the six environmental objectives;
- b. does not cause significant harm (DNSH) to the other five environmental objectives;
- c. complies with the minimum safeguards.

In July 2018, the European Commission set up a Technical Expert Group (TEG) on sustainable finance to develop recommendations on technical selection criteria for economic activities that can make a substantial contribution to climate change mitigation or adaptation while avoiding significant damage to the other four environmental objectives.

Based on input from the TEG and a wide range of stakeholders and institutions, the taxonomy regulation was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020 (Regulation (EU) 2020/852).

From January 2022, companies subject to the obligation to publish a non-financial disclosure (NDF) will be required to disclose the portion of their turnover, capital expenditure and recurring operating expenses that are classified as environmentally sustainable.

The taxonomy regulation also gives the European Commission the power to adopt delegated acts and acts to specify how competent authorities and market operators are to comply with the obligations arising from the regulation. The first delegated act on sustainable activities for climate change adaptation and mitigation objectives was published on 21 April 2021. For the other four environmental objectives, the Commission is expected to publish the respective delegated acts to enter into force in 2022. In addition, on 6 July 2021, the European Commission issued a delegated act (supplementing Article 8 of the taxonomy regulation) to indicate to companies subject to the non-financial disclosure directive how to report and to what extent their activities are in line with those considered environmentally sustainable.

Economic activities throughout the entire value chain were divided into the following three categories.

- **Eligible:** economic activity that fulfils both of the following conditions
 - i. has been explicitly included in the European taxonomy regulation because it contributes substantially to climate change mitigation or adaptation;
 - ii. meets the criteria set out in the European taxonomy regulation for the two environmental objectives.
- **Ineligible:** economic activity that fulfils both of the following conditions
 - i. has been explicitly included in the European taxonomy regulation because it contributes substantially to climate change mitigation or adaptation;
 - ii. does not meet the criteria set out in the European taxonomy regulation for the two environmental objectives.
- **Not covered:** economic activity that was not included in the European taxonomy regulation because it does not substantially contribute to climate change mitigation or adaptation, and therefore no specific technical criteria have been developed. The European Commission considers that this type of activity may not have a significant impact on climate change mitigation/adaptation or could be integrated into the European taxonomy regulation at a later stage.

Within this regulation, several critical sectors have been identified that need to be decarbonised in order to achieve the EU's climate targets by 2050 (as they account for more than 90% of direct greenhouse gas emissions in the EU), such as the energy sector, transport and water supply, among others. Almirall operates in the pharmaceutical sector that does not correspond to any of these sectors, so it does not have to report information on net turnover, but it does have to report information on CAPEX and OPEX KPIs. More specifically:

In relation to the CAPEX KPIs, investments in fixed assets that have been identified:

- They relate to assets or processes that are associated with eligible activities/aligned with the Taxonomy,
- They are part of a fixed asset investment plan to expand eligible activities/aligned with the Taxonomy,
- Related to the purchase of products from eligible/aligned activities.

In relation to the OPEX KPIs, those operating expenses that have been identified are:

- Related to assets or processes associated with eligible activities/aligned with the Taxonomy,
- Part of a plan to expand activities aligned with the Taxonomy or to convert eligible activities into aligned ones,
- Related to the purchase of products from eligible/aligned activities.

2.2.1. Almirall's adoption of the European taxonomy

As mentioned in the previous section, Almirall does not form part of any of the eligible sectors included in the European regulation, so the scope of the analysis has been adapted to this circumstance. In general, we have identified those activities corresponding to climate change mitigation and adaptation on which the Group may have direct action (through its own operations) and indirect action (through the operations of its customers or suppliers, as well as, to a lesser extent, its employees).

In particular, the analysis focused on the investments and activities carried out at the Group's various work centres and production sites, as described to a large extent in the section 2 'Environmental management' of this report and in Note 30 of the Group's consolidated annual report. On the other hand, all activities derived from the Group's activity that meet the criteria for climate change mitigation in accordance with the European taxonomy regulation have been reviewed, and no activity related to climate change adaptation has been identified.

As a result of the analysis carried out by the Almirall's management, three eligible activities have been identified in accordance with the two environmental objectives approved to date:

- Road freight transport services
- Passenger transport by light vehicles, cars and motorbikes
- Electricity generation using photovoltaic solar technology

In terms of OPEX, the only expenses associated with the activities defined above are maintenance costs for the PV panels, which are not significant in the year ended 31 December 2021. For this reason, no OPEX KPIs are reported.

In terms of CAPEX, the Group considered the proportion of the investments associated with the aforementioned activities over the fiscal year's additions, either from Intangible assets (Note 9 of the consolidated annual report), assets by usage rights were considered in the calculation (Note 10 of the consolidated annual report) or Property, plant and equipment (Note 11 of the consolidated annual report). Taking this into account, 7% of the investments were generated by business activities that meet the climate change mitigation criteria.

2.3. Climate change and greenhouse gas emissions

In 2021, Almirall analysed its management of climate change and specifically its risks and opportunities against the standard recommendations of the *Task Force on Climate-related Financial Disclosures* (TCFD). The following sections summarise how Almirall aligns with the TCFD guidelines on climate change risk management and strategy according to its four areas: governance, strategy, risk management and metrics and targets.

2.3.1. Governance

The active role of corporate governance is key to advancing Almirall's climate strategy and fulfilling the company's responsibilities to all its stakeholders. Almirall has formally established the integration of sustainability and social responsibility principles into its strategic objectives, reflecting its strong commitment to leadership at both senior management and Board level.

The responsibilities of corporate governance in the area of sustainability, including climate change management, are detailed in 1.2 '**Corporate Governance**' of this report.

2.3.2. Strategy

In line with the TCFD recommendations, Almirall has analysed the climate risks and opportunities associated with its activities through a Climate Change Risk Analysis (CCRA) to assess the main risks and opportunities for the company, taking into account different time horizons and different climate scenarios.

This assessment consisted of a qualitative mapping (screening) to identify the risks and opportunities related to climate change that could affect Almirall's business.

The climate risk analysis focuses on two main risk categories according to the TCFD recommendations:

- Transition risks associated with the shift to a low-carbon economy, including regulatory, technological and reputational risks.
- Physical risks of climate change, which can be either severe events occurring in a short period of time (acute) or changes in long-term weather patterns (chronic).

The following time frames have been determined:

- Transition risks and opportunities: 2025-2030 as the short-medium term, 2040 as the long term. These time horizons are based on the fact that, in the current context, transition risks are more likely to have a significant impact on the company's business in the short to medium term.
- Physical risks: 2030 as the medium term, 2040 as the long term. These longer time horizons have been selected to assess climate-related inertia while maintaining a time horizon that is still relevant for Almirall in terms of both existing assets and future investments.

Almirall plans to conduct a quantitative risk analysis in 2022 (complementary to the qualitative one conducted in 2021) using the scenario analysis methodology. For physical scenarios, Almirall is considering the Representative Concentration Pathways (RCP) 4.5 and RCP 8.5 to explore our physical climate-related risks, i.e., flooding, water scarcity, extreme weather events, and a rise in temperature. In order to quantify the potential financial impact of transition risks, Almirall is considering adopting two scenarios: a base case scenario (i.e., SPS – Stated Policies Scenario, that implies a global climate warming between 2.7 °C and 3.3 °C and a low carbon scenario (i.e., SDS – Sustainable Development Scenario) that implies a climate warming between 1.65 °C and above 2 °C.

Transition risks and opportunities



- **Policy and legal risks:** Almirall may be directly and indirectly exposed to risks related to the introduction of new or stricter carbon taxes and regulations related to energy production. Considering the importance of energy in the pharma production process, this issue might result in an increase of operating costs (e.g., fuel costs) for Almirall and its supply chain in the short and medium term.
- **Policy and legal opportunities:** As part of the process of building a decarbonisation strategy for the company, Almirall recognises the opportunity to optimise energy use in production process and in its R&D centres and offices by implementing energy efficiency actions, which may require the identification of innovative technological solutions.

The new regulations related to energy consumption and savings also represent an opportunity for Almirall to increase self-generation of renewable energy by reducing energy costs at its sites.



- **Market and technological risks:** The green transition to a low-carbon economy will affect the transport sector. This will require adaptation efforts by Almirall in the short and medium term. In particular, the company should implement decarbonisation strategies in the company's fleet and engage with suppliers to adopt more sustainable logistics and procurement practices and processes.
- **Reputational risks:** The inability to respond to enhanced reporting requests regarding climate change management, targets and KPIs (in particular from financial stakeholders) might affect the Group's reputation, in the short and medium-term, with consequences on sales and make access to capital more difficult.
- **Reputational opportunities:** Almirall is aware of the increasing pressures (e.g., from investors and shareholders) in relation to the company's sustainability performance, in particular its climate change performance, and recognises this as a long-term opportunity to reinforce its brand reputation by implementing actions to reduce its greenhouse gas emissions, enhancing the environmental protection culture of its employees.

Physical risks



- The increase in the number of river floods as well as the increase in severity and duration of heavy rainfall events could cause disruptions in manufacturing and damage to production facilities. In addition, droughts could lead to water and energy shortages and increased costs for the purchase of water and raw materials at Almirall's facilities and its CMOs. The most critical region for Almirall's sites in terms of water stress risk is Spain. Specifically, for the towns of Barcelona and Sant Celoni, a worsening of the long-term scenario is expected.
- Finally, changes in temperature as a result of climate change may affect the production process and increase energy and water supply costs, both at Almirall's facilities and at its CMOs, in order to maintain adequate production conditions.

2.3.3. Risk management

Almirall integrates climate change risks and opportunities into its corporate risk management process. Almirall is committed to identifying, assessing and monitoring risks and opportunities related to climate change, and has developed an integrated, multidisciplinary risk management process within the company.

Identification of risks and opportunities

Almirall's different business areas are responsible for identifying risks in aspects related to sustainability, including climate change, in their respective departments. This process is coordinated by the Director of Internal Audit. Risks and opportunities are identified based on internal interviews touching on all categories recommended by the TCFD: regulatory changes, market changes and technology developments and innovation, patients, changes in consumer behaviour towards more sustainable products, reputational damage and extreme physical events.

Prioritisation, financial implications and risk mitigation

Once risks have been identified, they are qualitatively assessed using a risk materiality matrix based on the likelihood of occurrence and severity of impact. This assessment measures both inherent risk and residual risk after risk mitigation plans (action plans) have been implemented. Almirall uses this methodology to select and prioritise the company's most material risks. Since 2020, the risk of climate change has been included in the above-mentioned group of significant risks. The Risk Management Committee is responsible for the supervision and control of the risk management system, as well as for the control and monitoring of the implementation of action plans to mitigate risk. This committee reports the relevant risks of the company through the Internal Audit Director to the Audit Committee and to the Board of Directors. The company's risk map is updated at least annually. The CEO and the members of the management committee are responsible for the execution and implementation of the annual risk map as well as the risk mitigation action plans.

Almirall plans to carry out a more in-depth assessment of the risks and opportunities of climate change by conducting a quantitative analysis in order to estimate the potential financial implications associated with Almirall's business.

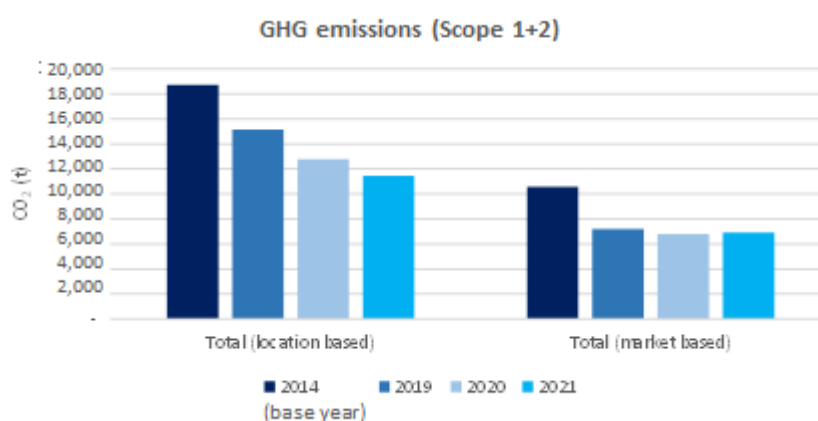
2.3.4. Metrics and targets

Greenhouse gas emissions scope 1 and 2

Table 2 shows the evolution of GHG emissions for scope 1 and scope 2 according to the country's energy mix (location-based) and scope 2 taking into account the purchase of green energy (market-based), where emissions are zero thanks to the purchase of green electricity. A correction was made to the data for scope 1 with respect to the previous years to include the emissions associated with the vehicle fleet in that scope.

| CO ₂ (t) | 2014 (base year) | 2019 | 2020 | 2021 |
|-----------------------------------|---------------------|---------------|---------------|---------------|
| Scope 1 | 8,649 | 7,194 | 6,797 | 6,910 |
| Scope 2 (market-based) | 1,906 | - | - | - |
| Scope 2 (location-based) | 10,068 | 7,952 | 5,977 | 4,548 |
| Total 1+2 (location-based) | 18,717 | 15,146 | 12,774 | 11,458 |

Table 2 – Almirall's scope 1 and 2 GHG emissions



(*) The origin of the emission factors used for the calculation of Scope 1 and 2 emissions is as follows:

- Gas Natural España: "Guía de càlcul d'emissions de gasos amb efecte hivernacle (GEH)" of June 2021, published by the OCCC (Oficina de Canvi Climàtic de Catalunya).
- Electricity location-based Spain: "Informe de Garantías y Etiquetado de la Electricidad" of April 2021, published by the CNMC (Comisión Nacional del Mercado y la Competencia)
- Natural Gas and Electricity location-based Germany: "Entwicklung der spezifischen Kohlendioxid-Emissionen des deutschen Strommix in den Jahren" of May 2021, published by OFMA (German Federal Office for the Environment).

Emission reduction targets

Almirall has set a target of a 21% reduction in greenhouse gas (GHG) emissions (scope 1 and 2 location-based) for the 2014-2025 period. This target was based on the company's Energy Master Plan included in the financial plan (investments) and will be reached by reducing gas and electricity consumption with energy efficiency projects and the commitment to self-generation of renewable energy. As of January 2021, the target was met, and as of January 2022, the reduction in GHG emissions in the 2014-2021 period was 39%.

In 2021-2022, Almirall is working on defining a decarbonisation programme for the company that sets ambitious medium- and long-term targets aligned with the 1.5°C scenario, as well as the roadmap to follow to achieve the targets. The targets will include scopes 1, 2 and 3.

Scope 3 greenhouse gas emissions

A preliminary assessment of indirect emissions of scope 3 from 2017 indirect emissions was conducted in 2018 to identify the main categories in scope 3. The tool used for the assessment was Quantis Suite 2.0., a tool whose calculation method is based on the expenditure incurred in each of the categories. The total emissions of scope 3 calculated for the emissions corresponding to the year 2017 were nearly 10 times greater than the sum of scope 1 and 2, with category 1 standing out with 81% of the total emissions calculated, as shown in Table 2.1.

In 2021, tools were developed to calculate categories 4, 5, 6 and 9 in accordance with the GHG Protocol but using a methodology that makes it possible to evaluate the progress of emission in the company. Specifically for transport, distribution and business trips, the calculation method is based on the distance (categories 4, 6 and 9), and for wastes, the method is based on specific factors for waste management (category 5).

The following limits must be considered in the result of the GHG Scope 3 emissions for the year 2021:

- Category 4 and 9: The calculation includes emissions associated with the transportation of raw materials used in the manufacture of Almirall's products from suppliers' production facilities to Almirall's CMOs.

It also includes the transportation of Almirall's products from Almirall's production centers or CMO's to the main logistics centers in the countries where Almirall does business or to its partners. The capillary distribution of its products in Spain from its logistics centers to pharmacies and hospitals is included in the calculation, but capillary distribution from the logistics centers of its commercial subsidiaries outside Spain is excluded due to the current lack of information. This category also includes emissions associated with the transportation of samples.

- Category 5: The calculation includes emissions associated with the management and transportation of waste and wastewater treatment from Almirall Spain and German centers.

- Category 6: The calculation includes emissions from air travel, train and hotel nights of Almirall with the exception of the commercial subsidiaries in Italy, Poland and USA. Also included are emissions associated with internal mileage in Spain for the employee's vehicle.

| Scope 3 - CO ₂ (t) Categories | | 2017 | 2021 |
|--|---|--|---|
| Scope 3 Emissions Upstream | 1 Purchased goods and services | 125,504 | Expected calculation during 2022. |
| | 2 Capital goods | 12,168 | Expected calculation during 2022. |
| | 3 Fuel and energy-related activities (not included in scope 1 or scope 2) | 3,620 | 1,663 |
| | 4 Upstream transportation and distribution | 3,370 | 2,181 |
| | 5 Waste generated in operations | 2,794 | 238 |
| | 6 Business travel | 2,548 | 325 |
| | 7 Employee commuting | 2,975 | Expected calculation during 2022. |
| | 8 Upstream leased assets | 2,188 | Not applicable |
| Scope 3 Downstream Emissions | 9 Downstream transportation and distribution | Distribution of Almirall products is included in the calculation of category 4. | |
| | 10 Processing of sold products | The tool does not allow this calculation. In any case, it is considered insignificant. Expected calculation during 2022. | |
| | 11 Use of sold products | No emissions are identified from use of the products sold by Almirall. | |
| | 12 End-of-life treatment of sold products | This category has not been calculated due to the limitations of the software used. Calculation in progress. | |
| | 13 Downstream leased assets | Not applicable | |
| | 14 Franchises | Not applicable | |
| | 15 Investments | Not applicable | |
| TOTAL | | 155,167 | Expected calculation during 2022 |

(**) The origin of the emission factors used for the calculation of Scope 3 emissions in 2021 is as follows:

- Category 3 Fuel and energy related activities: "Study on actual GHG data for diesel, petrol, kerosene and natural gas" of July 2015, published by Directorate General for Energy of the European Commission (DG ENER).
- Category 4, 9 and 6 Upstream and downstream transport and business travel: "Greenhouse gas reporting: conversion factors 2021" published in June 2021 by the UK Government's Department for Business, Energy & Industrial Strategy.
- Category 5 Waste generated in operations: "Greenhouse gas reporting: conversion factors 2021" published in June 2021 by the UK Government's Department for Business, Energy & Industrial Strategy, and other specific waste factors.

Table 2.1 – Almirall's scope 3 GHG emissions

In relation to categories 1 'Purchased goods and services' and 2 'Capital goods', since 2020, new Almirall suppliers have had to adhere to the Almirall Supplier Code of Conduct during the qualification process on the Group's

electronic portal. Almirall expects its suppliers to agree to defined standards, which include suppliers progressively measuring their greenhouse gas emissions and committing to voluntary reductions.

Mobility of workers

In order to reduce CO₂ emissions and ensure the safety of employees in their commutes to work, since 2015 Almirall has been developing a sustainable mobility plan which, among other initiatives, includes public transportation in the flexible compensation plan for employees, subsidies for the purchase of hybrid and electric vehicles, training in sustainable driving, installation of electric chargers in its car parks, and the creation of parking areas for bicycles and electric scooters, among others. Currently all the industrial centres, R&D in Sant Feliu and the main offices have parking spaces for charging electric vehicles, which promotes their use.

2.3.5. CDP Disclosure

As an exercise in transparency, since 2014, Almirall has reported its environmental performance on climate change to CDP. CDP evaluates climate change performance through a form and classifies it into four levels, from the most basic Disclosure D to the highest Leadership A level. Each level is also broken down into two sub-levels, with a '-' indicating the lowest category (as shown in the following image):



In 2021, Almirall achieved a B rating in Management. Compared to the previous year, the rating was downgraded by one tier from A- in 2020. Of the dimensions assessed by CDP for the final rating, Almirall's management in 'Governance', 'Energy' and 'Risk Management Processes' stand out at the Leadership level, and the dimensions with the most opportunities for improvement are 'Targets', 'Scope 3 Emissions' and 'Emission Reduction Initiatives'. Almirall is working on the definition of new ambitious greenhouse gas reduction targets for the medium and long term, as well as on the TCFD recommendations as described in section 2.3.3.

| Almirall | 2014 | ... | 2018 | 2019 | 2020 | 2021 |
|-----------|------|-----|------|------|------|------|
| CDP score | 60 D | | C | B | A | B |

Table 3 – Evolution of Almirall's CDP score

2.4. Air, noise and light pollution

2.4.1. Volatile Organic Compound Emissions (VOCs)

At Almirall, the most significant impact on air pollution is the diffuse emission of volatile organic compounds (VOCs) from its industrial sites. Almirall has been working for over 15 years to reduce these emissions through plans to eliminate the use of solvents in all industrial processes, where possible, with special attention to potentially harmful solvents, and the installation of technologies to mitigate the emission of these compounds.

Since 2007, eight production processes have been modified in order to reduce solvent consumption during manufacturing, including reducing the use of methylene chloride, a solvent with a H351 hazard label. Some of the processes are currently pending regulatory approval in several countries.

The diffuse emissions table shows a 62% reduction in diffuse solvent emissions since 2008. Emissions compared to the previous year have increased. However, it is considered that emissions have not increased in a real way, but rather that the documentary record in the chemical plants that justifies the solvent balance has worsened.

| Diffuse emissions (t) | 2008 | ... | 2019 | 2020 | 2021 |
|-----------------------|-------|-----|------|------|------|
| VOCs | 207.5 | | 40.0 | 41.6 | 79.2 |

2.4.2. SO_x, NO_x and Particulate Emissions

The remaining emissions of air pollutants (particles, NO_x, SO_x and hydrochloric acid) are considered non-material for Almirall, as emissions are well below the legal limits.

Specifically, no SO_x emissions are produced in any Almirall process.

NOx emissions are only produced in the boiler combustion processes of the different centres and in the regenerative thermal oxidiser for the treatment of VOCs. In the 2018-20 period, new boilers were installed at the Sant Andreu pharmaceutical plant and the Sant Celoni chemical plant, replacing the previous ones with technology that certifies NOx emissions of less than 100 mg/Nm3.

Emission sources with potential particulate emissions are equipped with high-efficiency HEPA filters, aqueous scrubbers or both systems in combination to abate emissions.

Potential hydrochloric acid emissions are abated with a basic aqueous rinsing system.

2.4.3. Noise and light pollution

Almirall's centres are located in industrial or urban areas, so noise and light pollution impacts are considered non-material aspects.

2.5. Sustainable use of resources

2.5.1. Power consumption

Energy efficiency is part of the company's environmental strategy. By 2013, Almirall was already a pioneer in the chemical-pharmaceutical industry for having implemented and certified its energy management system in accordance with the international standard ISO 50001:2011. In 2019, it adapted to the revision of the ISO50001:2018 standard.

Compared to 2011, Almirall has achieved a 25% reduction in its total energy consumption. This has been possible thanks to the energy improvement actions carried out to improve energy performance and committed to seeking energy efficiency solutions to contribute to climate change mitigation.

Almirall's energy efficiency model is based on an iterative search for projects and new technologies, which have been applied progressively according to the needs of each of the centres.

Accordingly, the company has successfully implemented the latest technologies, such as magnetic levitation and humidification by high-pressure water misting, which make it possible to reduce energy consumption in compressors of refrigeration equipment and in traditional resistance vaporisation and/or electrolysis systems, respectively, or photovoltaic panels for the self-generation of renewable electricity. Since 2011, more than 193 energy efficiency actions have been implemented.

Energy consumption and reduction targets

Almirall's main sources of energy consumption are electricity (55%) and gas (45%). In relation to electricity consumption, Almirall is committed not only to the purchase of green energy with Guarantee of Origin but also to self-generation of renewable energy. With these installations, in 2021 the dependence on the company's electricity grid supply was reduced by 1,437 MWh, 5.5% of Almirall's electricity consumption.

Energy consumption for electricity in 2021 was down 5% from the previous year, 2020, which represents a reduction of 1,299 MWh compared to 2020.

| Energy consumption (MWh) | 2019 | 2020 | 2021 |
|--------------------------------|---------------|---------------|---------------|
| Natural gas | 21,741 | 21,315 | 21,318 |
| Utility-supplied electricity | 27,142 | 25,859 | 24,560 |
| Renewable electricity produced | 1,505 | 1,524 | 1,437 |
| Total energy | 50,388 | 48,698 | 47,315 |
| % renewable energy | 57% | 56% | 55% |

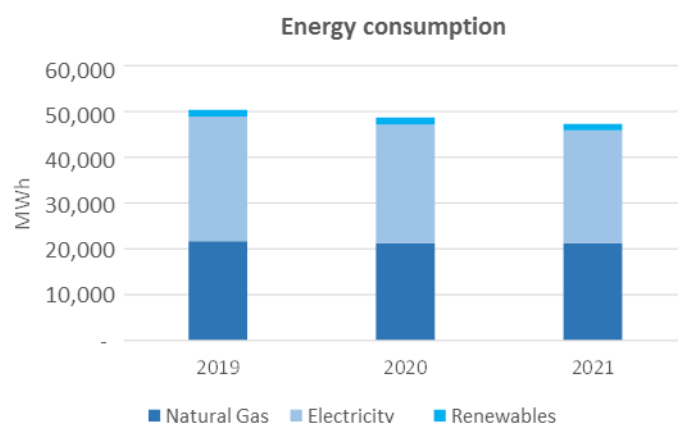


Table 4 – Almirall’s energy consumption

2.5.2. Water consumption and wastewater discharges

At production centres, industrial processes are designed to comply with Good Manufacturing Practices (GMP) and contribute to minimising water consumption.

Since 2019, there has been a downward trend in company water extraction. In the period 2019-21, consumption of both well water and company water has decreased by a total percentage of 19%. The main decrease has occurred at the Sant Andreu pharmaceutical plant, with a decrease of approximately 14,000 m³ over a two-year period partly due to a leak in a buried pipe in 2019-20. It should be noted that the main consumption of well water is at the Sant Andreu centre where, since 2017, the centre’s water resources have been used to produce industrial water. Taking into account the water cycle, local extraction from wells is considered to be environmentally more efficient even if it increases extraction, as water treatment is specific to the end use and it avoids water transport and additional treatment.

Table 5 details water extraction at Almirall according to the source of supply:

| Water extraction (m ³) | 2019 | 2020 | 2021 |
|------------------------------------|----------------|----------------|----------------|
| Utility-supplied water | 77,141 | 70,917 | 62,208 |
| Well water | 65,811 | 57,912 | 58,368 |
| Total Water Extraction | 142,952 | 128,829 | 120,576 |

Table 5 – Water extraction at Almirall

Water reuse

Since 2020, several water reuse actions have been implemented at Almirall’s centres. Specifically, at the Sant Andreu pharmaceutical plant, the rejection from the osmosis treatment is reused in the production of purified water that is introduced into the industrial water production circuit. An estimated 6,333 m³ of reject water can be reused. The Sant Feliu R&D centre also reuses the reject water from the osmosis treatment for the production of purified water for irrigation and fire-fighting, with an estimated saving of 1,300 m³ per year. In total, a reuse rate of 6% is estimated. The ratio has been reduced with respect to the previous year due to the reduction in the consumption of domestic water.

| Water reuse rate (*) | 2019 | 2020 | 2021 |
|-------------------------------------|------|------|------|
| Water reused/Total water extraction | - | 9% | 6% |

Table 5.1 – Water reuse rate at Almirall

Actions for improvement

In 2021, an action to reduce the use of irrigation water by 37% was implemented at the Sant Andreu de la Barca pharmaceutical plant due to the reduction of grass in the landscaped area. Thanks to the well meter installed in 2020, this reduction in well water consumption for watering has been confirmed.

In 2021, new internal control meters will also be installed at the Sant Celoni chemical plant.

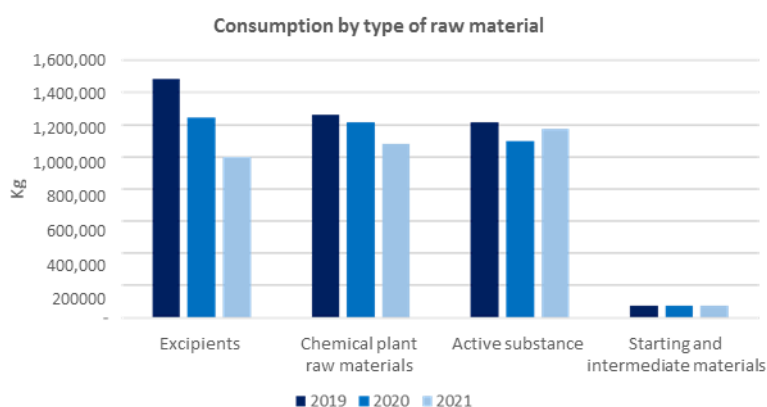
Wastewater discharges

Reducing the flow and pollutant load of liquid discharges entails acting on the pollutants generated in the processes themselves. Accordingly, Almirall's operating centres have wastewater treatment facilities, and the chemical plants in particular have physical-chemical and biological wastewater treatment plants. At all its centres, the average of the parameters is, at least, below 70% of the legal limit.

2.5.3. Consumption of starting materials

For information purposes, the 2019, 2020 and 2021 consumption in physical unit (kgs) of raw materials is shown below:

| Type of raw material (kg) | 2019 | 2020 | 2021 |
|-------------------------------------|------------------|------------------|------------------|
| Excipients | 1,484,673 | 1,246,807 | 995,734 |
| Chemical plant raw materials | 1,263,604 | 1,214,070 | 1,081,100 |
| Active substance | 1,212,566 | 1,096,436 | 1,173,270 |
| Starting and intermediate materials | 74,460 | 72,363 | 71,899 |
| Total | 4,035,303 | 3,629,676 | 3,322,003 |



2.6. Waste management, eco-design and biodiversity

2.6.1. Waste management

Almirall manages its waste responsibly, prioritising minimisation and the most sustainable and safe treatment for each type. In the following tables, waste is broken down by type (hazardous/non-hazardous) and treatment (recoverable/non-recoverable).

Hazardous waste corresponds mainly to solvent waste at chemical plants, chemical waste and cleaning water at pharmaceutical plants, and laboratory waste at research and development centres. Non-hazardous waste consists basically of waste similar to urban waste and packaging waste from pharmaceutical plants. Recoverable waste is waste that can be recycled, reused, etc., and non-recoverable waste is waste that must be disposed of and/or eliminated.

Tables 6 to 8 show the evolution of waste for the 2019-2021 period for Almirall and the breakdown by country. A significant decrease of 21% in waste generated in Almirall should be noted. This was mainly due to the reduction of non-hazardous, non-recoverable waste in Germany resulting from the transfer of a production line to Spain, which substantially reduced the volume of waste generated by increasing the batch size and optimising waste water collection. This transfer was completed in 2019.

The volume of waste produced at Almirall has not been significantly affected by the COVID-19 pandemic, as most of it is generated at the Group's industrial centres and these have not modified their production activity, although there was a 4% decrease in total waste in 2021 compared to 2020 due to a slight reduction in production at the pharmaceutical centres and chemical plants.

Some environmental improvements in waste reduction that were reversed in 2020 due to the pandemic, for example the use of individual 0.5-litre water bottles in the cafeterias of the Almirall work centres in Spain instead of the fountains dispensing water in reusable glass bottles, are being reinstated gradually. Currently, the fountains are available for voluntary use for dispensing water in an individual glass as well as individual 0.5-litre plastic water bottles.

| Total Almirall Group Waste (t) | 2019 | 2020 | 2021 |
|--------------------------------|----------------|----------------|----------------|
| Hazardous waste | 2,412.1 | 2,191.7 | 1,955.9 |
| Recoverable | 2,053.9 | 2,003.5 | 1,801.3 |
| Non-recoverable | 358.2 | 188.2 | 154.6 |
| Non-hazardous waste | 4,431.6 | 3,419.3 | 3,434.2 |
| Recoverable | 582.6 | 555.3 | 559.8 |
| Non-recoverable | 3,849.0 | 2,864.0 | 2,874.4 |
| Total waste | 6,843.7 | 5,611.0 | 5,390.1 |
| % Hazardous | 35% | 39% | 36% |
| % Recoverable | 39% | 46% | 44% |

Table 6 – Almirall Group Waste

| Waste in Spain (t) | 2019 | 2020 | 2021 |
|----------------------------|----------------|----------------|----------------|
| Hazardous waste | 2,367.1 | 2,145.2 | 1,925.9 |
| Recoverable | 2,030.9 | 1,981.9 | 1,782.6 |
| Non-recoverable | 336.2 | 163.3 | 143.3 |
| Non-hazardous waste | 1,128.8 | 1,020.8 | 1,226.4 |
| Recoverable | 426.2 | 440.6 | 414.8 |
| Non-recoverable | 702.6 | 580.2 | 811.6 |
| Total waste | 3,495.9 | 3,166.0 | 3,152.3 |
| % Hazardous | 68% | 68% | 61% |
| % Recoverable | 70% | 77% | 70% |

Table 7 – Almirall Spain Waste

| Waste in Germany (t) | 2019 | 2020 | 2021 |
|----------------------------|----------------|----------------|----------------|
| Hazardous waste | 45.0 | 46.5 | 30.0 |
| Recoverable | 23.0 | 21.6 | 18.7 |
| Non-recoverable | 22.0 | 24.9 | 11.3 |
| Non-hazardous waste | 3,302.8 | 2,398.5 | 2,207.8 |
| Recoverable | 156.4 | 114.7 | 145.0 |
| Non-recoverable | 3,146.4 | 2,283.8 | 2,062.8 |
| Total waste | 3,347.8 | 2,445.0 | 2,237.8 |
| % Hazardous | 1% | 2% | 1% |
| % Recoverable | 5% | 6% | 7% |

Table 8 – Almirall Germany Waste

Actions for improvement

As improvement actions, there were two noteworthy studies in 2021 for the treatment of production wastewater at the Sant Andreu de la Barca and Reinbek pharmaceutical plants aimed at minimising the volume of wastewater managed as waste and, in the specific case of Reinbek, also eliminating APIs (Active Pharmaceutical Ingredients) in wastewater.

At the Sant Andreu pharmaceutical plant, this study has not concluded with a definitive proposal, and in 2022 continuing with the definition of the optimal installation is planned. At the Reinbek pharmaceutical plant, a proposal for the facility is available and investment planned to be carried out in 2022-23 is available.

Also worth noting is the implementation in 2021 of the management of organic waste at the Almirall Spain centres with cafeteria service. The waste is sent to a composting plant (this management was already in place in Germany), thereby improving the final treatment channel from 'non-recoverable' to assimilable to 'recoverable'.

Management of users' medicine waste

In Spain, Almirall adheres to the Integrated Packaging Management and Collection System (SIGRE in its Spanish acronym) in order to comply with Law 11/1997, of 24 April, on packaging and packaging waste and Royal Legislative Decree 782/1998, of 30 April, approving the Regulation for the development and implementation of Law 11/1997. In Germany, Almirall adheres to the Duale System Deutschland (DSD) in order to comply with the Packaging Ordinance (VerpackV) issued by the Federal Ministry for the Environment.

By including the SIGRE symbol on its packaging, Almirall guarantees that both the material of the containers and any leftover medicine they may contain are managed in an environmentally responsible manner, with the paper/cardboard and glass mainly recycled.

The packaging materials of Almirall's products in Spain and Germany are shown below: The two together account for 41% of Almirall's total units sold. In both markets, the material with the highest percentage is paper/cardboard, corresponding mainly to cases, with 48% of the total in Spain and 31% in Germany.

| Packaging material in Spain (t) | 2019 | 2020 | 2021 |
|---------------------------------|--------------|--------------|--------------|
| Glass | 43.7 | 46.7 | 41.6 |
| Paper/Cardboard | 386.9 | 351.1 | 352.7 |
| Aluminium | 38.0 | 36.5 | 36.1 |
| Plastic | 56.4 | 49.0 | 62.5 |
| Composite material | 265.0 | 251.5 | 249.6 |
| Total materials | 790.0 | 734.8 | 742.5 |

Table 9 – Almirall sales packaging material in Spain

| Packaging material in Germany (t) | 2018 | 2019 | 2020 |
|-----------------------------------|--------------|--------------|--------------|
| Glass | 62.6 | 63.0 | 59.4 |
| Paper/Cardboard | 68.9 | 71.1 | 60.7 |
| Aluminium | 22.3 | 23.8 | 21.8 |
| Plastic | 42.7 | 43.0 | 38.8 |
| Composite material | 17.0 | 18.0 | 12.3 |
| Total materials | 213.5 | 218.9 | 193.0 |

Table 10 – Almirall sales packaging material in Germany

In all other countries, the specific regulations of the country are complied with.

2.6.2. Eco-design

Almirall's corporate strategy identifies the need to integrate sustainability criteria in the design of its products from the R&D phases to the end of life of the product, including its manufacture and distribution. There are several projects that incorporate the concept of 'eco-design' into their development, as well as sustainable packaging in relation to Almirall's product packaging, with the aim of reducing the environmental impact.

In recent years, Almirall has worked continuously on various sustainable packaging projects. After years of initiatives, an interdisciplinary team has been formed within the company to develop and advance sustainable packaging policies and initiatives in a coordinated and cross-cutting manner. Specifically in 2021, the following actions stand out:

a) Indicators

Definition of environmental performance indicators relating to the packaging of the company's products. For this task, we have taken advantage of the licensing of the COMPASS® (Comparative Packaging Assessment) programme, which carries out the life cycle analysis associated with all the necessary materials and processes used in packaging, providing their environmental impact.

With this tool, the first indicator defined is the carbon footprint associated with the packaging. This analysis has been carried out for the company's Top20 products which account for 83% by volume, including products manufactured in the Contract Manufacturing Organisations (CMOs).

The emissions for 2020 as the base year for the calculation are 7,670 tonnes CO₂ eq., calculated by extrapolating to 100% of the products and excluding the impact of transport in the calculation.

b) Sustainability improvement initiatives

Some 18 initiatives have been identified and reviewed and assessed to be addressed in the short/medium or long term based on impact and implementation difficulty.

c) Use of cardboard certified by the Forest Stewardship Council (FSC)

The use of FSC-certified cardboard is being progressively implemented in the company. In 2021, all grouping crates at the Sant Andreu de la Barca and Reinbek production sites were FSC-certified.

In 2021, work was carried out on the documentation required for the use of FSC cardboard in the cases of the medicinal products manufactured at the Sant Andreu de la Barca centre. By the end of 2021, all the necessary documentation will be available for the regulatory change to be submitted to the AEMPS for 10% of all products manufactured in Sant Andreu de la Barca. The submission of the regulatory documentation is scheduled for early 2022, after which the changeover can be implemented once the existing stocks of cases have been used up.

d) Elimination of package leaflets in cosmetic specialties

Another initiative being implemented is the elimination of package leaflets for cosmetic products that do not require patient information or when the information can be provided on the box itself.

2.6.3. Biodiversity

With regard to Almirall's activity and its possible impact on biodiversity, all the industrial and research centres are located on industrial estates and no negative impacts on biodiversity have been determined.

The only centres located near natural areas are the Sant Feliu R&D centre 350 m from the Collserola Natural Park, which is included in the Barcelona Provincial Council's Natural Areas Network, and the Sant Celoni chemical plant located approximately 300 m from the area included in the Serres de Montnegre-el Corredor Natural Areas Plan (PEIN), which is also included in the Natura 2000 Network. With regard to the Sant Celoni chemical plant, in November 2021, as a requirement for the renewal of the Environmental Authorisation, an environmental impact study was carried out in which it was determined that no significant effect on biodiversity, protected areas or the Tordera River and its aquifers was foreseen, even under conditions of maximum production capacity. In addition, a water quality study of the Tordera River has been carried out annually since 2008 using macroinvertebrates upstream and downstream of the Almirall discharge. During the period 2008-2021 and in general, an increase in species richness and an increase in biotic indices has been detected.

In the event of an environmental emergency at any of Almirall's centres, there are self-protection plans with actions aimed at minimising the negative impact on people and the environment.

3. Employees

3.1. The Almirall Culture

Almirall is committed to its employees and their talent. All of them are key to the company's success, and it aims to attract and retain exceptional professionals aligned with the Noble Purpose and corporate values that underpin how we want to collaborate and be perceived by society.

It is also committed to the development of its employees and their professional growth within the organisation, which was demonstrated once again by the awarding of the prestigious Top Employers certificate in Spain, for the fourteenth consecutive year, in 2021.

The culture at Almirall is continually reinforced by its Noble Purpose, which puts patients at the centre of everything it does. The Noble Purpose not only inspires employees to do their best, it is also what gives meaning to their efforts and daily work. Personal testimonies and experiences from patients about how they live with their illness are shared with all employees on a regular basis. This regular awareness-raising activity with employees is the driving force behind new efforts to find solutions that help transform patients' lives.

Almirall works constantly to continue developing a working environment where employees feel they are an active part of a Noble Purpose and have a direct impact on society. In addition, so that they feel supported, recognised and empowered, and to give meaning to their daily work, their overall well-being is cared for.

For Almirall, values are a guide for all employees that enable them to achieve company objectives with the appropriate behaviours, and they signal how we want to be perceived by society. They are the lever for continuing to strengthen the company and for seeing how we want to collaborate and work, and thereby affirm an agile, collaborative, entrepreneurial and courageous culture.

Likewise, an effort is made to ensure that the corporate culture is based on the principles of compliance, continuous improvement and accountability. This conduct is underpinned by integrity, and everyone at Almirall is required to comply with the Code of Ethics.

Almirall has a highly qualified team made up of people of different nationalities and specialties, with a clear commitment to diversity. In 2020, the diagnoses of Almirall S.A., Industrias Farmacéuticas Almirall, S.A. and Ranke Química S.A. were signed for the new equality plan, which was presented in September 2020. The company has appointed an equality officer who will monitor all the positive actions proposed in the equality plan. The Legal

Representation of Employees has appointed an equality delegate for each work centre. Lastly, as part of the equality plan, the need to periodically review the protocol for sexual or gender-based harassment, as well as its functioning and content, has been established.

In addition, Almirall wants its employees to feel committed, and therefore different listening channels exist to find out their concerns and needs in order to adapt policies, programmes and processes to them. For this reason, Engagement and Culture surveys are conducted in order to proactively define and implement initiatives that reinforce their sense of belonging and willingness to contribute to Almirall's objectives and Noble Purpose.

Following the 2018 Engagement Survey, an action plan was defined and implemented. A year later, in 2019, the survey was repeated in order to measure the impact of the plan, with very positive results. The results showed an increase in the level of employee engagement of 12 percentage points. This increase was much higher than that obtained in a composite benchmark involving many companies from different industries, which showed that such an improvement in just one year was very difficult to achieve. Only 10% of the companies had achieved this. In 2020, the Engagement action plans had to adapt to the new situation caused by the COVID-19 pandemic by becoming more digital to be closer to the employee.

The year 2021 was key for relaunching the engagement actions plans, as well as for incorporating new initiatives that are key for evolution of the culture of Almirall. The most relevant initiative was an organisational culture survey where all Almirall employees were invited to provide their input regarding the shared beliefs that determine the way Almirall employees work, relate to each other and make decisions. The main objective of this exercise was to identify how Almirall is evolving in terms of culture and what other work areas need to be started to accelerate the cultural transformation that Almirall needs to support the strategic objectives and our Noble Purpose. 73% of the employees participated in the survey, a high level of participation that gives the company very useful and reliable information to work with.

In this sense, in order to further reinforce the strengths and address the areas for improvement detected in terms of organisational culture, an ambitious plan has been defined involving cross-cutting teams from different areas of the organisation. This roadmap is characterised by a holistic intervention and coordinated in the medium-long term which will impact the main pillars that affect an organisational culture – everything from the design of the organisation, governance and decision-making dynamics; the key processes that impact accountability and collaboration; as well the skills and capacities needed by the leaders and employees of today and of the future.

Internal communication is key for transmitting and fostering a culture based on the Noble Purpose and its values. The priorities for internal communication are:

- Business: Bring employees closer to the business so that they understand how they contribute to the Noble Purpose, and share with them the milestones of the different projects underway.
- People: Share all initiatives that have an impact on employees, these being initiatives that are focused by and for them.
- Foster spaces where all employees can learn, share and feel a sense of ownership.

Different channels exist for achieving these priorities. To relaunch the engagement action plans this year, a collaborative space was created under the brand 'Our best present is you'. The main objective of this space is to share and communicate in a very direct way the progress of the different plans and initiatives planned for this year. The space is structured in the five priority pillars for this year: 1) Purpose and Values, 2) Talent and Leadership, 3) Recognition, 4) Well-being, and 5) Diversity and Inclusion

In addition, this space was designed with the aim of launching challenges to Almirall's employees to make the different initiatives much more collaborative and attractive, where the participation of all Almirall employees is key to increasing the sense of belonging and commitment to the company.

Almirall is working to strengthen a culture of recognition. Through the various tools and processes that managers have at their disposal, it is ensured that recognition is present on a daily basis. In addition, the company integrates these awards with different corporate initiatives to give visibility to work done well while ensuring internal equity. In 2021, the Corporate Recognition and Rewards programme was reviewed, consolidating existing recognition initiatives and incorporating new ones, all aligned with Almirall's needs. The four initiatives that make up the Rewards and Recognition Programme are outlined below:

- **Purpose Awards:** the main objective of this award is to recognise teams that lead projects that have a clear focus on transforming the lives of our patients. This recognition initiative is one of the new initiatives introduced in 2021
- **Corporate Values Award:** the main objective is to recognise people who are role models for our values. They are people who inspire us to work the way we want to be perceived internally and externally.

- **Contribution Award:** the main objective is to recognise the people/teams that contributed in an exceptional way in a project or activity.
- **Bravo Programme:** this is a programme where all employees have the possibility to recognise their colleagues in a digital, easy and different way. This programme has been revamped with a new tool and process of use.

Promoting health and well-being

As one would expect in a company whose mission is to improve people's health and well-being, various initiatives have been implemented to promote employee health and create healthy working environments. This includes access to gyms and medical services in Almirall's facilities, as well as to restaurants and cafeterias with special menus. At the main workplaces, there is an onsite canteen that offers a variety of alternative menus to promote healthy nutrition.

Almirall has a Health and Well-being plan that impacts all its employees. In parallel, each geographic area where Almirall has offices also has local initiatives.

The Health and Well-being plan consists of three global initiatives:

1) +YOUfeelfit Challenge:

At the end of the 2019 financial year, the +YOUFEELFIT Challenge programme was launched to promote collaboration and team spirit, with all Almirall employees encouraged to participate. It was a global challenge, supported by a social web app where employees could voluntarily choose to walk, run, cycle or swim, individually or on teams, for a period of time. While practising these sports, employees accumulated Almirometers (the unit of measure of the challenge) which would be converted to money at the end of the challenge. The top performers were rewarded with attractive and sports-related prizes, and the money from the Almirometers were donated to NGOs. The organisations that received donations were: Acción Psoriasis, European Multiple Sclerosis Platform and American Academy of Dermatology. Interviews were conducted with each of them to inform Almirall employees about the impact of their sporting activity throughout the challenge.

In short, +YOUFEELFIT Challenge is one that increases all employees' commitment to the company by creating a culture of physical, emotional and nutritional well-being through a variety of activities.

The completion of the +YOUFEELFIT challenge was postponed until the COVID-19 pandemic situation stabilised. The challenge ended during the first quarter of 2021. Participation in +YOUFEELFIT Challenge was very high, as was the level of satisfaction, and it successfully generated a very strong commitment among all employees, resulting in new relationships between colleagues and teams, fostering healthy lifestyle habits and increasing positivity and work-life balance among employees.

Following the success of this initiative, a second edition was launched in October 2021. This edition includes the collaboration of new NGOs: Atopic Dermatitis Association (AADA), International Federation of Psoriasis Association (IFPA) and Skin Cancer Foundation (SCF).

2) Health and well-being conference programme

This year, a programme of conferences has been launched where the main objective is to share with the collaborator topics related to physical, nutritional and emotional well-being. Periodically, usually once a month, employees are invited to virtual conferences with experts from the world of health to provide them with tools to enhance their well-being. Participation in these sessions is very high, and the Almirall team's assessment of them is very positive. Everyone appreciates the effort and investment that Almirall puts into promoting the health of its employees.

3) Sworkit

In the wake of the pandemic, a mobile application was made available for employees to exercise at home. This application is still active for those employees who continue to use it and for those who, due to specific needs, cannot go to a gym. This application has many routines that can be chosen by each employee themselves, taking into account their own specific needs (for example: Pilates, strength-building exercises, family exercises, prenatal exercises, among many others).

3.2. Talent recruitment

Almirall internalised the recruitment model by building a highly skilled team of recruiters who carry out the hiring process from start to finish, from the identification and attraction of passive candidates to the evaluation of candidates for the different positions. This proactive approach to recruiting ensures the existence of a pool of

talented candidates and helps simplify applicant tracking to make it possible to hire the best candidate for each position.

In order to increase the company's ability to attract talent, a Referral Programme has been developed. This programme allows employees to recommend their best contacts for Almirall vacancies. As an incentive, if a recommended candidate is ultimately hired, the employee who made the recommendation receives a financial reward. It is a good way of reaching candidates who fit the company's needs, in terms of both objectives and organisational culture. Moreover, having the employees themselves recommend the company as a good place to develop professionally is also a good letter of introduction that makes highly talented individuals interested in participating in the Group's hiring processes.

The hiring process is robust and consists of several steps according to the level of the organisation. These steps guarantee quality hiring that aligns with Almirall's corporate culture and values. And when it comes to evaluating candidates, there are three assessment levels: Basic, Silver and Gold, coordinated by the Global Talent Acquisition team:

- The Basic evaluation is used when hiring specialists and entry-level positions and consists of a personality test, a behavioural interview, a technical interview, a practical job-related test (optional in this case), and, lastly, a language test, plus a reference check.
- The Silver assessment is used when recruiting for mid-level positions and consists of a personality test, a behavioural interview, a case study or presentation on a specific topic, a role-play, a language test and a reference check. In this case, the case study is mandatory.
- Lastly, the Gold evaluation is used when hiring executive-level positions and consists of a behavioural interview, a case study or presentation on a specific topic, a role-play, an English test, a reference check and interviews with key stakeholders of the position. The case study enables assessment of competencies such as entrepreneurial vision, communication, influence, innovation and strategic vision. The role-play, on the other hand, makes it possible to evaluate leadership skills and results orientation, among other qualities.

Internal employees are a priority

When selecting candidates, meritocracy and cultural diversity are advocated in all hiring processes, as diversity and inclusion are part of Almirall's DNA. For example, there are employees of 26 different nationalities, which allows the company, among other things, to be more innovative and productive and to benefit from different points of view that ultimately impact business results.

Furthermore, Almirall firmly believes in giving employees the opportunity to progress in their careers within the company. Thus, when a new vacancy opens up, the existence of internal candidates who might be suitable for the position, relying on the Talent Review processes described below, is always taken into account before it is published externally. In this way, priority is given to employees so that they can enjoy a long career and professional development within the company.

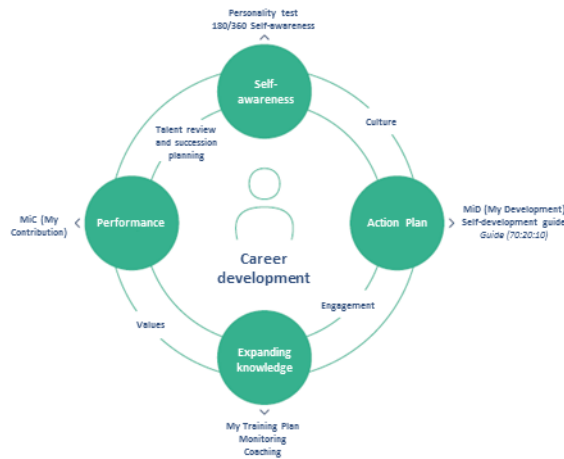
3.3. Training and talent development

As seen above, Almirall's culture is based on corporate values and the Noble Purpose. This is why employee training and development play such an important role in daily operations, representing a strategic and priority focus in the company's corporate agenda. This strategy, as well as the resulting impacts on everyone's experience over the course of their employment at Almirall, accompany them as they develop their careers, help them to achieve success in their role, and allow them to absorb the corporate culture that is desired at Almirall.

The training offered at Almirall is a fundamental resource for ensuring that people are prepared and have the necessary tools and skills to give the best of themselves in the different areas of their professional field, generating a clear return on investment for the company.

Training and development at Almirall for years has been based on the learning model known as '70:20:10'. This model indicates that 70% of learning is experience-based, which is learned in the job on a daily basis. The 20% figure refers to interaction and learning with colleagues and/or participation in collaborative processes such as mentoring or shadowing. The remaining 10% of the learning process consists of structured, academic or traditional training, either face-to-face or in virtual format.

Employees are primarily responsible for their own development and growth. Thus, they are given access to a wide range of tools and programmes to facilitate their development experience at Almirall.



Self-knowledge is a key driver and the starting point of any development path. As a first step in the employee's professional growth, a self-development programme is provided that makes employees aware of their strengths and growth opportunities through tools such as 180/360 feedback and personality tests.

Once employees have a vision of what they need to strengthen and develop, they set their development goals in an individual action plan agreed with their Manager following the 70:20:10 model. Every employee has at their disposal a virtual 'Self-Development Guide' which offers advice and self-development content to help all employees define and monitor their own development action plan, known internally as MiD (MyDevelopment). MiD is a continuous development process that allows every employee to develop their strengths and opportunities for improvement in order to focus on learning proactively from the development actions defined.

The emphasis on continuous learning and development for career advancement and Almirall's success is essential for achieving the best results. For this reason, there is a performance evaluation process in the company that helps define the path required to achieve the employee's objectives. These objectives combine business needs and corporate values with strengths, and they represent a challenge for us as a team. Employees and managers hold frequent meetings over the course of the year, which are essential to reinforcing the culture of continuous feedback in the organisation.

Team members identify their training needs and share them with their managers in order to ensure that they are in alignment and then include them as development actions in their MiD.

The development and training model at Almirall has a clear aim: to foster a culture of continuous learning by providing a positive experience and prepare employees to be efficient in carrying out their tasks and achieving their objectives.

With these bases, Almirall's training and development strategy this year has been based on three fundamental pillars, which are described below.

3.3.1. The online/offline training plan

In February 2021, Almirall's Training Plan was announced to all company employees. The training plan aims to offer a variety of training courses to help prepare people for the different stages of their professional careers. This plan is directly aligned with Almirall's strategy and values.

Likewise, each employee also plays a very proactive role in adapting this plan to their own needs over the course of the year, as it serves to align the training offer with their individual development plans. As a first step in professional growth, and as mentioned above, Almirall offers a self-knowledge programme that makes each person aware of their strengths as well as their development opportunities.

This training plan is presented to the entire company in four categories to facilitate the search for training courses and to organise the offer. These categories are: Culture and Values, Business, Technological Tools and Languages.

- i. **Culture and values:** Training focused on developing Almirall's values and behaviours, including:
 - Capacity/skills building: The main purpose of this training is to develop critical skills to ensure the success of Almirall's results, such as Feedback, Change Management, Innovation, and Diversity Development and Inclusion. In this category, there is also training on how to make the most out of the My Contribution and My Development processes.

- Training in critical leadership skills: This leadership programme, known as 'Leadership Path', is based on five programmes adapted to the different career stages. Each training programme is aligned with personal competencies as well as technical business subjects. The base programme is attended by all employees who are individual contributors. This is followed by another specific programme for managers who need to develop the foundations of Almirall leadership, and a third programme aimed at managers who have been leading teams for a minimum of two years. Lastly, there are two programmes: one for senior leaders and another for key global talent identified in Almirall.

Leaders are essential in developing talent within their teams, while fostering internal talent and providing new opportunities for their teams to grow.



ii. **Business:** Training focused on developing technical skills.

- Functional specialisation training: Training focused on increasing the technical and specific skills necessary to fulfil the responsibilities in each of the functional areas of the company. This category contains specific training for finance specialists, product training for sales teams, as well as training related to scientific topics for R&D professionals, among many others.
- Technical training for non-experts: Training focused on broadening business knowledge for non-experts, such as Finance for Non-Financial Staff, Almirall Strategic Products and Project Management.
- Training on basic principles: Critical and essential training that all employees must undertake. Some of these topics also have a direct impact on Almirall's culture, such as training on the Code of Ethics, Information Security, Pharmacovigilance and Promotional Compliance.

iii. **Technological Tools:** Training focused on developing the necessary technological skills to be able to operate the new tools available with greater efficiency and agility. Some examples are: Microsoft basics such as Excel tips or Power BI training, as well as those for the Smartworkplace to support the Flexible WorkPlace project, which has been key to virtual meetings, which have increased substantially due to COVID-19. With this, training sessions have been introduced on key technology tools for today and the future, such as the Teams application and innovative Microsoft Office tools such as digital notebooks, OneDrive and online to-do list management.

iv. **Languages:** Training programme for developing the official Almirall languages (English, Spanish, German, Italian, French). This year, as a novelty, a greater flexibility has been implemented in terms of choosing the language of preference, in which the person can select the language they want to learn and develop through an easily accessible application with availability of a variety of updated content and conversation classes.

It should be noted that many of the training courses in the training plan are given by internal trainers. These are experts in their area of knowledge. Having internal trainers serves a threefold purpose:

- To develop internal trainers in critical and necessary skills for sharing their knowledge (presentation, listening, feedback, teaching and others).
- To recognise their knowledge and make it visible to the teams.
- To capitalise on internal knowledge and extend it to the rest of the employees, thereby increasing collaboration and synergies between teams.

3.3.2. Management of training during COVID-19

The overall management of the training area in response to COVID-19 deserves special mention. The training strategy had to be adapted to continue offering an efficient service in line with the objectives set at the beginning of the year. The following is a summary of the actions taken to meet the challenges created by COVID-19 in this area:

- Face-to-face trainings have been resumed but in an online live format. This encourages a sense of camaraderie between participants and immediate feedback with the training facilitators, in addition to maintaining a complete learning experience including pre-work and post-work. This implementation in training has also been successful in fostering networking between people from different affiliates.
- A new e-learning language training format has been implemented, available in more than five languages, through which participants can be trained from any device with up-to-date interactive material and flexible access times.
- Webinars with well-being training content on resilience, nutrition and emotional management tools have been delivered through our FeelFit Well-being programme.

In summary, through all the initiatives and training programmes implemented this year, we can highlight that despite the current pandemic situation in which we find ourselves, we have been able to provide solutions to all Almirall employees so that they can continue to develop themselves through training. On the other hand, some of the most relevant data of the comparison between 2020 and 2021 are highlighted below: a significant decrease in the number of training hours compared to 2020, an exceptional year in which the lockdown led a significant number of people to enhance their training development because they were unable to leave their homes. Likewise, the time commitment of many of the face-to-face training courses has been reduced as a result of the change to an online format. The average time spent on training has not changed significantly, as it is still above three hours of participation in training programmes.

| Category | Gender | 2020 | | | 2021 | | |
|------------------------------|--------|--------------|-----------------|------------|--------------|-----------------|------------|
| | | Participants | Hours | Average | Participants | Hours | Average |
| Directors | Women | 27 | 340.5 | 12.6 | 145 | 362.2 | 2.5 |
| | Men | 87 | 271.5 | 3.1 | 159 | 501.4 | 3.2 |
| Middle management | Women | 385 | 1,388.4 | 3.6 | 442 | 1,735.0 | 3.9 |
| | Men | 643 | 1,988.1 | 3.1 | 364 | 1,281.3 | 3.5 |
| Specialists/Technicians | Women | 3,359 | 7,118.8 | 2.1 | 2,220 | 5,108.5 | 2.3 |
| | Men | 2,674 | 6,049.3 | 2.3 | 1,622 | 3,793.7 | 2.3 |
| Administrative staff/Workers | Women | 1,533 | 7,263.5 | 4.7 | 786 | 3,093.5 | 3.9 |
| | Men | 1,288 | 8,468.5 | 6.6 | 511 | 3,421.0 | 6.7 |
| Group Total | | 9,996 | 32,888.7 | 3.3 | 6,249 | 19,296.6 | 3.1 |

3.3.3. The future of training - +YOUiversity

We are working on a strategic training project that will provide Almirall with a single platform from which employees will be able to consult all available training and take the courses on the same platform, which will also be collaborative and provide the opportunity to create learning communities. It will have cutting-edge technology (artificial intelligence) to identify courses according to development needs, roles and training previously completed by employees. This will further promote a culture of learning across the company, democratising training for all employees.

3.3.4. Talent Review and Succession Planning

In 2021, as every year, one of the most important processes for employee development and professional growth was carried out: the talent review and succession planning process whereby the following pillars are strategically analysed, department by department:

- Business challenges and organisational needs.
- Key positions and possible future successors (Succession Plan).
- Identification of employees with high potential (High Potentials) or who are essential to the company for their knowledge (Key Contributors), as well as emerging talent to continue developing as future high potentials in the organisation (Emerging Talent).

The goal of the Talent and Leadership Development strategy is to build a diverse, multi-skilled team to meet the challenges of creating optimal and innovative solutions for patients.

3.4. Remuneration, integration and equality

Almirall's compensation programmes pursue a culture of high performance, with compensation and benefit plans that are aligned with standard market practice and take into consideration the degree of contribution of the position and the performance of each employee. For this reason, Almirall regularly analyses the valuation of the different job positions, as well as the performance of each employee, in order to recognise the performance of each one of

them through the annual salary increase process. In addition, the various benefit programmes allow employees to tailor their compensation package to the specific needs of each individual and their families.

In 2021, work was done on a project aimed at building a global organisational structure for the company based on the value of the position as a solid base on which to unify the Compensation and Benefits strategy with certain key Human Resources processes. In 2022, the outcome of the project will be consolidated and communicated, and compensation policies will be adjusted to take this new structure into account.

This project for the correct valuation of jobs is in line with the new legislation in Spain (Royal Decree 902/2020) on equal pay for men and women and is further evidence of the company's commitment to equality. This commitment is also demonstrated in the Equality Plan that Almirall has had in place since 2009, updated in 2020, as well as in the appointment of an equality agent who will monitor all the positive actions proposed within it. The objectives of the plan include promoting and improving access to senior positions by women, as well as preventing discrimination in hiring and gender-based pay.

Below is a table with a breakdown of the total remuneration received in 2019, 2020 and 2021 in the Group, broken down by gender, category and age:

| Category (€) | Gender | 2019 | 2020 | 2021 |
|------------------------------|----------------|---------------|---------------|---------------|
| Directors | Women | 211,747 | 221,309 | 199,602 |
| | Men | 276,823 | 270,599 | 227,079 |
| | Average | 257,596 | 254,551 | 218,902 |
| Middle management | Women | 110,717 | 112,251 | 106,137 |
| | Men | 128,375 | 129,751 | 119,293 |
| | Average | 120,955 | 122,260 | 113,039 |
| Specialists/Technicians | Women | 66,925 | 66,418 | 62,730 |
| | Men | 71,842 | 70,695 | 66,931 |
| | Average | 69,119 | 68,301 | 64,591 |
| Administrative staff/Workers | Women | 40,060 | 40,846 | 41,684 |
| | Men | 36,467 | 37,041 | 37,950 |
| | Average | 38,561 | 39,122 | 40,024 |
| Group Total | Women | 67,214 | 68,044 | 66,180 |
| | Men | 82,560 | 80,728 | 79,396 |
| | Average | 74,356 | 73,984 | 72,336 |

| Age (€) | Gender | 2019 | 2020 | 2021 |
|--------------------|----------------|---------------|---------------|---------------|
| < 30 | Women | 44,994 | 40,794 | 50,692 |
| | Men | 47,981 | 42,259 | 39,667 |
| | Average | 46,359 | 41,580 | 45,770 |
| 30 - 50 | Women | 68,050 | 68,429 | 65,809 |
| | Men | 76,874 | 71,936 | 70,022 |
| | Average | 71,725 | 69,877 | 67,557 |
| > 50 | Women | 70,371 | 71,681 | 69,672 |
| | Men | 94,896 | 96,467 | 94,135 |
| | Average | 83,763 | 84,969 | 82,787 |
| Group Total | Women | 67,214 | 68,044 | 66,180 |
| | Men | 82,560 | 80,728 | 79,396 |
| | Average | 74,356 | 73,984 | 72,336 |

At year-end 2021, Almirall's unadjusted pay gap (without taking into account job characteristics) averaged 83.4%, i.e., on average, women were paid 16.6% less than men in Total Compensation (Fixed Compensation + Short-Term Variable Compensation).

The calculation formula used was:

$$\text{Average Wage Gap} = \left(1 + \frac{\text{Average Female Wage} - \text{Average Male Wage}}{\text{Average Male Wage}}\right)$$

In terms of wages, the most representative statistical parameter is the median, and so the gap between the median wages of women and men has also been calculated. The formula used was:

$$\text{Median Wage Gap} = \left(1 + \frac{\text{Female Median Wage} - \text{Male Median Wage}}{\text{Male Median Wage}}\right)$$

In this case, overall, the gap is reduced by 57%, from 83.4% (average) to a gap of 93% (median).

On the other hand, the company's weighted pay gap, following the previous year's criteria of calculating this as the country-weighted ratio of the average target salary of women versus men in equivalent jobs whenever there is a minimum representation of one employee per gender, is 95.2%, while it was 94.8% in 2020 and 93.5% in 2019. Almirall reduced the weighted salary gap with respect to 2020 by 0.4%.

This improvement in the unadjusted gap, both the weighted and the average, is mainly due to the increase in women in the Management category (management/leadership positions), either by internal promotion or by hiring in 2021 (see section 3.7, 'Employment: headcount and distribution').

Lastly, in accordance with the new legislation in Spain (Royal Decree 902/2020) on equal pay for women and men, in the first quarter of 2022 Almirall has been working to calculate the adjusted gap broken down by positions of equal value (positions that are truly equivalent taking into account four valuation factors: contribution, context, requirements and scope). A tool (JET from OMD Consulting) is used to carry out this job evaluation, which offers an adequate, complete and objective evaluation. The valuations resulting from this project will be audited by an external and independent third party to ensure their objectivity and coherence, also providing a report justifying the application of the valuation factors to the positions (in accordance with Article 4 of Royal Decree 902/2020).

With this information, the average and median salary gap will be calculated for the groupings (levels) that are established according to the value of the positions. Subsequently, with econometric and statistical models, salary practices will be modelled in order to identify and quantify the factors responsible for the difference between men and women (organisational, cultural, labour market aspects, etc.) to thus rule out the existence of discriminatory factors in terms of remuneration. The result will be reflected in the adjusted pay gap. By mid-2022, this information will be shared in the salary register and in the equality plan that the company is updating for Spain.

The following table shows the average gross remuneration received in 2019, 2020 and 2021 by the members of the Board of Directors and members of the Management Board of the Almirall Group:

| Body (€) ⁽³⁾ | 2019 | | 2020 | | 2021 | |
|-----------------------------------|---------|---------|---------|---------|---------|---------|
| | Women | Men | Women | Men | Women | Men |
| Board of Directors ⁽¹⁾ | 132,500 | 267,309 | 98,125 | 319,755 | 118,125 | 217,623 |
| Management Board ⁽²⁾ | 334,813 | 475,825 | 376,929 | 474,483 | 353,738 | 466,380 |

- 1) For the Board of Directors, all the remuneration associated with the position of each member plus the amounts associated with the committees of which they were members during the year are considered remuneration. The CEO is included in the company's board of directors (man).
- 2) The remuneration of the Management Committee includes the base salary received during the year, short-term incentives (STI) and long-term incentives (LTI) paid in March of the year and all salary supplements (seniority, school allowances, rental allowances, car allowances and other extraordinary bonuses). This does not include severance payments.
- 3) For the average gross remuneration received by the members of the Board of Directors and members of the Group's Management Board, the cash outflow accounting method has been used, unlike the accrual method, which is used in the Consolidated Financial Statements.

3.5. Work organisation

Almirall has working calendars that are applicable to all employees and compatible with the legislation in force in each country. The calendars are shared with the Legal Representation of Workers to try to align, as far as possible, the productive needs of the company with personal life. For easy consultation by all employees, the company makes the aforementioned calendars available for each year and posts them on the corporate Intranet in the month of December.

In addition to the legally stipulated annual leave, depending on the country, Almirall offers up to seven additional days off to be taken over the course of the calendar year. For a better adaptability to the needs of the employee, these additional rest days can be taken in up to four half days.

The company is committed to the well-being of its employees and, for this reason, with the aim of ensuring work-life balance, the work calendar includes a flexible work schedule, for both entering and leaving, which allows weekly working hours to be adapted to reconcile work and personal life.

In Spain, we offer a flexible scheduling system called Turn it Flex, which makes it possible to adapt the working day to the personal needs of each employee. For offices, it is possible to start the day at any time between 7:30 am and 9:30 am. The midday break can be from 30 minutes to one hour and a half, and the end of the work day can be between 4:15 pm and 8:00 pm. Expansion of the flexibility of the working day has allowed the majority of people who had reduced working hours to extend them, making it possible to balance work and family life. In the same way, employees who work shifts in the industrial area can change them on a rotating basis, with the possibility of morning, afternoon and night shifts. As for the industrial plants, there are rotating morning, afternoon and evening schedules, and annual leave and public holidays are pre-established in the calendar in order to ensure the pace of production.

In order to promote and encourage a more collaborative and innovative environment that allows for greater agility, efficiency and flexibility, a new model of office space has been defined. The Flexible Work Place project has been implemented in the Sant Andreu de la Barca offices and is currently being implemented in the headquarters building.

Gradually adapting to a 'new normal' brought about by COVID-19, the gradual return of staff to the workplace was promoted. During the first half of the year, physical presence in the centres was modulated according to the speed of contagion. Once stabilised, in June all staff whose duties allowed it had the possibility of working from home two days a week and, from 1 July, one day a week, always taking into account all the necessary measures to guarantee the health and safety of all employees.

As a continuation of this flexibility measure, from 1 November 2021, the possibility of teleworking one day a week remains in force regardless of the pandemic on an optional and voluntary basis.

3.6. Social relationships

In relation to employee participation and consultation, Almirall not only scrupulously complies with the commitments acquired in the different negotiation frameworks in each territory (for example, in Spain, the 19th General Chemical Industry Agreement), but also goes one step further by promoting its continuous improvement system. This is done through committees within the organisation that address key issues in the company, such as benefits, equality, occupational health and safety, or any other issues that may affect the day-to-day work of company employees.

Almirall is committed to compliance with and adherence to legislation and labour practices in an environment of constructive dialogue and respect for social agents. Employees must comply with the rules of ethical conduct applicable to the pharmaceutical industry, in addition to the provisions of Almirall's Code of Ethics.

Almirall has legal workers' representatives at all its work centres. Due to the company's presence in several countries of the European Union, in 2019 the European Works Council was established, and in 2021 it held an annual meeting, at mid-year, where issues of common and cross-cutting interest for several countries were addressed. These included the status of production in the company's plants, news on R&D, updates on occupational health and safety, improvements and new developments in computer applications, latest acquisitions and the economic situation of the Group and anticipated headcounts by country, and the results of the culture survey. On the other hand, the company applies the state and labor legislation of each country in which it has employees, but also in Spain, Belgium, Italy and Austria, employees with labor contracts are also subject to the collective bargaining agreement. This group accounts for 69.51% of Almirall's personnel.

Benefit Committees

In Spain, there are several monitoring committees for strategic issues within the organisation. These committees present, discuss and propose improvements and changes to be applied both in Spain and in the Group's subsidiaries, if applicable.

One of these is the benefits committee (which carries out an ongoing analysis of the social benefits provided by the company), which met this year to analyse the granting of school and special subsidies for the 2020-2021 academic year, as well as to review the life insurance policies offered by Almirall. It also reviewed current social benefits which, within the framework of the Collective Agreement signed in 2017, affect Almirall in Spain.

The benefits agreed to in this committee include a bonus for seniority in the company, rewarding multiples of five years after 10 years and up to 45 with the company. This year, Almirall extended the awards to 50 years of seniority, given that there are several people who will be celebrating their 50th anniversary between this year and next.

Record of Hours Worked

As a result of the regulatory change published in Spain regarding the mandatory recording of hours worked, Almirall, after negotiation with the workers' representatives, agreed to a Working Hours Recording Regulation and developed and implemented a computerised recording tool that allows employees to consult the hours they have worked.

As a result, Almirall employees are better able to see the time invested in carrying out their activities, which allows them to improve the efficiency of their working time and enjoy greater autonomy.

3.7. Employment: headcount and distribution

At the close of the 2021 financial year, Almirall had a total of 1,784 employees, with 26 nationalities represented, 47% men and 53% women, an average length of employment of 13.5 years, 65% with a university degree and 70% experts on the pharmaceutical industry.

Almirall's employees are concentrated in Europe (94%) and the United States (6%). The distribution in professional categories is as follows: 2% directors, 15% middle management, 60% technical specialists and 23% administrative staff/workers.

The age distribution of Almirall's workforce is as follows: 55% of employees are over 31 and under 50, 7% are under 30, and 38% are over 50.

The distribution of employees by country, professional category, gender and age is detailed below.

| Country | 2019 | | | 2020 | | | 2021 | | |
|--------------------|------------|------------|--------------|------------|------------|--------------|------------|------------|--------------|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| Spain | 625 | 565 | 1,190 | 624 | 574 | 1,198 | 611 | 565 | 1,176 |
| Germany | 167 | 120 | 287 | 169 | 127 | 296 | 165 | 130 | 295 |
| United States | 65 | 46 | 111 | 55 | 43 | 98 | 59 | 48 | 107 |
| Italy | 29 | 43 | 72 | 33 | 45 | 78 | 36 | 41 | 77 |
| United Kingdom | 17 | 18 | 35 | 18 | 16 | 34 | 19 | 12 | 31 |
| Switzerland | 9 | 8 | 17 | 11 | 8 | 19 | 11 | 7 | 18 |
| Netherlands | 9 | 4 | 13 | 9 | 2 | 11 | 7 | 3 | 10 |
| Austria | 6 | 5 | 11 | 10 | 5 | 15 | 8 | 6 | 14 |
| Belgium | 4 | 4 | 8 | 7 | 4 | 11 | 8 | 4 | 12 |
| Nordic countries | 4 | 3 | 7 | - | 3 | 3 | - | 1 | 1 |
| Portugal | 5 | 2 | 7 | 5 | 2 | 7 | 5 | 2 | 7 |
| Poland | 3 | 1 | 4 | 3 | - | 3 | 3 | - | 3 |
| France | - | 2 | 2 | 3 | 7 | 10 | 19 | 12 | 31 |
| China | 1 | - | 1 | 2 | - | 2 | 2 | - | 2 |
| Group Total | 944 | 821 | 1,765 | 949 | 836 | 1,785 | 953 | 831 | 1,784 |

(*) CEO and chairman not included in the headcount

| Professional category | 2019 | | | 2020 | | | 2021 | | |
|------------------------------|------------|------------|--------------|------------|------------|--------------|------------|------------|--------------|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| Directors | 13 | 31 | 44 | 14 | 29 | 43 | 10 | 31 | 41 |
| Middle management | 108 | 149 | 257 | 113 | 150 | 263 | 121 | 145 | 266 |
| Specialists/Technicians | 587 | 472 | 1,059 | 595 | 471 | 1,066 | 597 | 475 | 1,072 |
| Administrative staff/Workers | 236 | 169 | 405 | 227 | 186 | 413 | 225 | 180 | 405 |
| Group Total | 944 | 821 | 1,765 | 949 | 836 | 1,785 | 953 | 831 | 1,784 |

(*) CEO and chairman not included in the headcount

The presence of women in Almirall as a whole has been on an upward trend in recent years, with an 8% increase in the number of women in these positions over the last two years, particularly in the category of directors and middle management. This reflects Almirall's ongoing effort with respect to achieving gender-parity in the organisational pipeline.

| Age | 2019 | | | 2020 | | | 2021 | | |
|--------------------|------------|------------|--------------|------------|------------|--------------|------------|------------|--------------|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| < 30 | 63 | 53 | 116 | 58 | 62 | 120 | 69 | 56 | 125 |
| 30 - 50 | 594 | 424 | 1,018 | 585 | 417 | 1,002 | 570 | 406 | 976 |
| > 50 | 287 | 344 | 631 | 306 | 357 | 663 | 314 | 369 | 683 |
| Group Total | 944 | 821 | 1,765 | 949 | 836 | 1,785 | 953 | 831 | 1,784 |

The most common type of hiring at Almirall is permanent/indefinite contracts, with an incidence of 98%.

The table below shows the distribution at year-end of permanent/indefinite or temporary contracts, broken down by gender.

| Type of contract | 2019 | | | 2020 | | | 2021 | | |
|--------------------|------------|------------|--------------|------------|------------|--------------|------------|------------|--------------|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| Permanent | 914 | 800 | 1,714 | 929 | 821 | 1,750 | 929 | 821 | 1,750 |
| Temporary | 30 | 21 | 51 | 20 | 15 | 35 | 24 | 10 | 34 |
| Group Total | 944 | 821 | 1,765 | 949 | 836 | 1,785 | 953 | 831 | 1,784 |

The breakdown of the average annual distribution of contracts by duration (indefinite/permanent or temporary) according to age, professional category and gender is as follows:

| Age | Gender | 2019 | | 2020 | | 2021 | |
|--------------------|--------|--------------|-----------|--------------|-----------|--------------|-----------|
| | | Permanent | Temporary | Permanent | Temporary | Permanent | Temporary |
| < 30 | Women | 42 | 17 | 43 | 14 | 57 | 12 |
| | Men | 39 | 8 | 43 | 11 | 50 | 6 |
| 30 - 50 | Women | 576 | 17 | 567 | 12 | 559 | 11 |
| | Men | 409 | 8 | 409 | 6 | 403 | 3 |
| > 50 | Women | 300 | 2 | 314 | 1 | 313 | 1 |
| | Men | 353 | 1 | 364 | 1 | 368 | 1 |
| Group Total | | 1,719 | 53 | 1,740 | 45 | 1,750 | 34 |

| Category | Gender | 2019 | | 2020 | | 2021 | |
|------------------------------|--------|--------------|-----------|--------------|-----------|--------------|-----------|
| | | Permanent | Temporary | Women | Men | Women | Men |
| Directors | Women | 13 | - | 13 | - | 10 | - |
| | Men | 31 | - | 32 | - | 31 | - |
| Middle management | Women | 111 | - | 112 | - | 120 | 1 |
| | Men | 146 | 1 | 148 | - | 145 | - |
| Specialists/Technicians | Women | 563 | 23 | 574 | 16 | 581 | 16 |
| | Men | 465 | 8 | 459 | 10 | 467 | 8 |
| Administrative staff/Workers | Women | 231 | 12 | 224 | 11 | 218 | 7 |
| | Men | 159 | 9 | 178 | 8 | 178 | 2 |
| Group Total | | 1,719 | 53 | 1,740 | 45 | 1,750 | 34 |

3.8. Layoffs by gender, age and occupational classification/country

The following involuntary severances at Almirall occurred during the 2019, 2020 and 2021 financial years. The following table shows the details of their classification by territory, gender, age and professional classification.

| Professional category | 2019 | | | 2020 | | | 2021 | | |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| Directors | 1 | 1 | 2 | - | 6 | 6 | 3 | 1 | 4 |
| Middle management | 8 | 7 | 15 | 6 | 7 | 13 | 4 | 9 | 13 |
| Specialists/Technicians | 16 | 18 | 34 | 29 | 14 | 43 | 26 | 12 | 38 |
| Administrative staff/Workers | 6 | 3 | 9 | 4 | 5 | 9 | 8 | 7 | 15 |
| Group Total | 31 | 29 | 60 | 39 | 32 | 71 | 41 | 29 | 70 |

| Age | 2019 | | | 2020 | | | 2021 | | |
|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| < 30 | - | 2 | 2 | 1 | 3 | 4 | 4 | 3 | 7 |
| 30 - 50 | 19 | 14 | 33 | 21 | 17 | 38 | 17 | 10 | 27 |
| > 50 | 12 | 13 | 25 | 17 | 12 | 29 | 20 | 16 | 36 |
| Group Total | 31 | 29 | 60 | 39 | 32 | 71 | 41 | 29 | 70 |

During the 2020 and 2021 years, the Group did not avail itself of any measures related to the suspension of contracts as a result of COVID-19 (ERTE - temporary layoffs, for example), as most of its activities continued to operate.

3.9. Access for people with disabilities

Almirall is highly committed to employing people with disabilities. At present, there are different collaboration agreements in effect with different special work centres/entities/foundations, and we also work proactively to promote and/or facilitate the hiring and integration of this group.

In accordance with the main general legal provisions in force intended to address the rights of people with disabilities, Almirall meets the compliance requirements through the reserve quotas established by law in each of the countries where it has a work centre, or through exception certificates and according to the different circumstances that arise in the Group's companies.

At Group level, Almirall employs the following group with an accredited degree of disability, together with the percentage over total Group employees:

| | 2019 ⁽¹⁾ | 2020 ⁽¹⁾ | 2021 ⁽¹⁾ |
|--------------------------|---------------------|---------------------|---------------------|
| Total disabled employees | 30 | 33 | 33 |
| % over Group total | 1.7% | 1.8% | 1.8% |

⁽¹⁾ Information for USA not available due to data confidentiality regulations.

3.10. Absenteeism

The absenteeism data for the 2019, 2020 and 2021 financial years include both hours lost due to sickness and work-related accidents, as well as maternity and paternity leave. The breakdown by country is as follows. From 2021 onwards, we report data broken down by gender.

| Country/Hours (*) | Total Absenteeism | | | | |
|--------------------|-------------------|----------------|----------------|---------------|----------------|
| | 2019 | 2020 | 2021 | | |
| | Total | Total | Women | Men | Total |
| Spain | 108,164 | 117,075 | 75,574 | 34,022 | 109,596 |
| Germany | 38,694 | 39,622 | 34,994 | 13,892 | 48,886 |
| Italy | 9,094 | 2,691 | 1,722 | 720 | 2,442 |
| Austria | 1,129 | 881 | 558 | 79 | 637 |
| Switzerland | 1,107 | 266 | 512 | 18 | 530 |
| United Kingdom | 927 | 1,318 | 961 | 61 | 1,022 |
| Nordic countries | 201 | - | - | - | - |
| France | - | - | 2,125 | 869 | 2,994 |
| Group Total | 159,316 | 161,853 | 116,446 | 49,661 | 166,107 |

| Occupational Accident and Illness | | | | | |
|-----------------------------------|----------------|----------------|---------------|---------------|----------------|
| Country/Hours (*) | 2019 | 2020 | 2021 | | |
| | Total | Total | Women | Men | Total |
| Spain | 87,190 | 97,685 | 59,900 | 28,577 | 88,477 |
| Germany | 29,782 | 34,767 | 26,841 | 13,431 | 40,272 |
| Italy | 6,048 | 1,545 | 746 | 720 | 1,466 |
| Austria | 1,129 | 881 | 558 | 79 | 637 |
| Switzerland | 1,107 | 266 | 512 | 18 | 530 |
| United Kingdom | 115 | 697 | 628 | 61 | 689 |
| Nordic countries | 120 | - | | | - |
| France | - | - | 644 | 869 | 1,513 |
| Group Total | 125,491 | 135,841 | 89,829 | 43,755 | 133,584 |

(*) Absence hours are not reported in the USA since local legislation does not allow them to be recorded.

3.11. Health and safety

3.11.1. Management approach

The prevention and environmental management system is formally implemented and certified at the centres and with the activities indicated above in section 2.1 of this report. At international subsidiaries beyond the scope of this certified system, occupational health and safety is managed locally, in accordance with the legal requirements applicable in each case.

At the corporate level, Almirall has a Health and Safety Team, which reports to the Head of Corporate Social Responsibility, who, in turn, reports to the Vice President of Human Resources. This team has three full-time staff members and is complemented in the different areas and work centres by the participation of other employees with specific functions assigned to management of occupational safety on a part-time basis.

Almirall has a Global Corporate Prevention and Environment Policy, which establishes that one of the priority and strategic objectives that drive the daily activity of the organisation is occupational health and safety. To this end, the following basic principles, among others, are established:

- A commitment to the safety, health and well-being of employees, promoting integration of the same into the Company's daily work processes.
- A commitment to eliminating hazards and reducing risks to occupational health and safety.
- A commitment to continuous improvement of occupational health and safety management at Almirall in order to improve its performance, in compliance with the applicable legal requirements and other requirements to which Almirall voluntarily subscribes.
- Establishment of periodic programmes, with objectives and targets in accordance with the applicable regulations, the Global Corporate Prevention and Environment Policy itself and the risks and opportunities identified in the area of occupational health and safety.
- Training, involvement and participation of Almirall's staff and partner companies in the application of the principles contained in the Global Corporate Prevention and Environment Policy.
- A commitment to consultation and participation of workers and, where they exist, workers' representatives.
- To ensure the availability of the necessary information and resources, and proper planning for their use.

Occupational health and safety is an objective of the Company as a whole, and therefore responsibility for achieving it is shared by all Almirall's employees, regardless of their level or role.

As mentioned in section 2.1 of this report, Almirall has an integrated occupational health and safety, environmental and energy management system. Almirall was one of the first companies, in general, and one of the first chemical-pharmaceutical laboratories, in particular, to obtain certification of its system according to the new ISO 45001:2018 standard (which replaces the previous OHSAS 18001:2007, for which it has held certification since 2007). This certification is currently held by Almirall's operating centres in both Spain and in Germany.

Table 1 in section 2.1 'Management approach' of this report indicates the scope of the prevention and environmental management system.

Almirall has a series of established and implemented due diligence processes and procedures, which it continuously updates, to ensure that the prevention and environmental management system is appropriate, adequate and effective. The following is a list of the most important ones in terms of occupational health and safety:

- Risks and opportunities
- Assessment of occupational risks
- Legal and other requirements
- Training
- Communication, participation and consultation
- Management of documentation
- Control of changes
- Industrial safety in equipment and installations
- Monitoring of work with special risks
- Monitoring of suppliers of works and services
- Road transport of hazardous goods
- Emergency plans.
- Audits
- Review by Management of the management system
- Incidents, non-conformities and corrective actions

In 2021, many prevention and employee-health promotion activities were carried out, among which the following basic indicators stand out:

- 5,583 hours of training (59% decrease compared to 13,739 hours in 2020, returning to the level of 2019 – this significant difference is explained by the fact that in 2020 the HSE e-learning training content was renewed and a massive call was made to all employees):
 - o 1,312 attendees.
 - o 457 course editions
- 293 corrective and improvement actions properly managed in the different areas of the organisation (27% increase compared to 230 actions in 2020).
- 177 occupational risk assessments (22% increase compared to 145 assessments in 2020):
 - o 103 occupational safety assessments.
 - o 42 industrial hygiene assessments.
 - o 16 job assessments.
 - o 15 workplace assessments.
 - o 1 assessment of ergonomics and applied psychosociology.
- 289 suppliers of works and services approved in terms of health and safety to carry out work at Almirall centres (15% increase compared to 289 suppliers in 2020).
- 186 monitoring and control activities (33% increase compared to 140 in 2020):
 - o 86 self-inspections.
 - o 17 visits by Management.
 - o 15 supplier audits.
 - o 8 planned observations.
 - o 6 internal audits
 - o 60 other inspections and audits.
- 69 incidents and 33 non-conformities, all properly reported, investigated and evaluated (21% fewer incidents compared to 2020 and 3% fewer non-conformities compared to 2020).
- 1,105 medical examinations of employees (84% increase from 601 examinations in 2020, returning to pre-pandemic levels).

3.11.2. Accidents at work

The tables in this section summarise the main statistical data on accidents at the different Almirall centres for the 2019, 2020 and 2021 financial years. As can be seen, in 2021 there has been a very significant reduction in accidents with disability leave at work, compared to the data for 2020:

- 1) Incidence rate: in 2021 it was reduced globally by 44% (4.9 vs. 8.8). The 50% reduction at the Sant Andreu Pharmaceutical Plant, where there was an increase in 2020 and where an accident rate improvement plan was implemented in 2021, is noteworthy. With regard to the rest of the company's centres, it should be noted that in 2021 there were zero accidents at the headquarters, the Sant Feliu R&D Centre and at all the commercial subsidiaries except Switzerland, where there was one minor accident.
- 2) Frequency rate: also reduced in 2021 by 44% (2.5 vs. 4.5).
- 3) Severity index: in 2021 it was reduced by 32% (0.19 vs. 0.13).

It is important to note that, taking the official accident rate data for the last period published by the Ministry of Labour, Migration and Social Security as a reference, the incidence rate of accidents with disability leave in 2021 was 69% below the level of the Industry Sector, Pharmaceutical Products Manufacturing Division¹ (4.9 vs 15.7). Likewise, the severity rate of accidents resulting in disability leave in 2021 was 84% below the level of the Industry Sector, Manufacturing Industry Division (0.13 vs 0.81).

Tables 1, 2 and 3 also show the accident rate data broken down by gender, with an indication of the incidence, frequency and severity rates.

| Centre | General data | | Disability leave | | | | |
|----------------------------------|-----------------------|------------------|------------------|------------|--------------------|--------------------|--------------------|
| | Average workforce (1) | Hours worked (2) | Accid. | Days lost | I _I (3) | I _F (4) | I _E (5) |
| Headquarters | 303 | 585,616 | - | - | - | - | - |
| Sant Feliu R&D Centre | 235 | 450,736 | - | 41 | - | - | 0.09 |
| Sant Andreu Pharmaceutical Plant | 423 | 814,776 | 5 | 164 | 11.9 | 6.2 | 0.20 |
| Reinbek Pharmaceutical Plant | 118 | 268,787 | 3 | 63 | 25.4 | 11.2 | 0.23 |
| Chemical plants | 68 | 131,816 | - | - | - | - | - |
| Commercial subsidiaries | 644 | 1,235,261 | 4 | 226 | 6.2 | 3.2 | 0.18 |
| 2019 Total | 1,791 | 3,486,992 | 12 | 494 | 6.7 | 3.5 | 0.14 |
| Women | 958 | 1,864,997 | 9 | 335 | 9.4 | 4.8 | 0.18 |
| Men | 833 | 1,621,995 | 3 | 159 | 3.6 | 1.8 | 0.10 |

Table 1. Accident data in 2019

| Centre | General data | | Disability leave | | | | |
|----------------------------------|-----------------------|------------------|------------------|------------|--------------------|--------------------|--------------------|
| | Average workforce (1) | Hours worked (2) | Accid. | Days lost | I _I (3) | I _F (4) | I _E (5) |
| Headquarters | 269 | 521,736 | - | - | - | - | - |
| Sant Feliu R&D Centre | 272 | 513,240 | - | - | - | - | - |
| Sant Andreu Pharmaceutical Plant | 448 | 866,456 | 10 | 522 | 22.3 | 11.5 | 0.60 |
| Reinbek Pharmaceutical Plant | 118 | 260,113 | 3 | 33 | 25.4 | 11.5 | 0.13 |
| Chemical plants | 72 | 138,944 | 2 | 9 | 27.9 | 14.4 | 0.06 |
| Commercial subsidiaries | 650 | 1,248,213 | 1 | 107 | 1.5 | 0.8 | 0.09 |
| 2020 Total | 1,829 | 3,548,702 | 16 | 671 | 8.8 | 4.5 | 0.19 |
| Women | 978 | 1,898,003 | 6 | 505 | 6.1 | 3.2 | 0.27 |
| Men | 851 | 1,650,699 | 10 | 166 | 11.8 | 6.1 | 0.10 |

Table 2. Accident data in 2020

| Centre | General data | | Disability leave | | | | |
|----------------------------------|-----------------------|------------------|------------------|------------|--------------------|--------------------|--------------------|
| | Average workforce (1) | Hours worked (2) | Accid. | Days lost | I _I (3) | I _F (4) | I _E (5) |
| Headquarters | 274 | 529,272 | - | - | - | - | - |
| Sant Feliu R&D Centre | 249 | 470,920 | - | - | - | - | - |
| Sant Andreu Pharmaceutical Plant | 449 | 869,232 | 5 | 381 | 11.1 | 5.8 | 0.44 |
| Reinbek Pharmaceutical Plant | 120 | 257,989 | 1 | 4 | 8.4 | 3.9 | 0.02 |
| Chemical plants | 73 | 141,768 | 1 | 3 | 13.7 | 7.1 | 0.02 |
| Commercial subsidiaries | 680 | 1,275,418 | 2 | 64 | 2.9 | 1.6 | 0.05 |
| 2021 Total | 1,845 | 3,544,599 | 9 | 452 | 4.9 | 2.5 | 0.13 |
| Women | 978 | 1,878,637 | 5 | 329 | 5.1 | 2.7 | 0.18 |
| Men | 867 | 1,665,962 | 4 | 123 | 4.6 | 2.4 | 0.07 |

Table 3. Accident data in 2021

Notes:

- (1) Average number of workers in the period.
- (2) Number of planned hours worked + number of overtime hours – number of absence hours.

¹ Important change: From the 2020 annual publication of the 'Statistics on accidents at work' of the Ministry of Labour and Social Economy, the economic activity is now considered to be that of the workplace in which the worker is registered with the Social Security. Data from previous years are recalculated in order to have comparable data according to this new criterion.

- (3) Incidence rate: number of accidents per thousand workers.
- (4) Frequency rate: number of accidents per million hours worked.
- (5) Severity rate: number of days lost per thousand hours worked.
- (6) All reported accidents are of a minor nature, i.e., none are serious, very serious or fatal.
- (7) Through the occupational health and safety management system and the identification, evaluation and control mechanisms, no workers with a high incidence or high risk of occupational diseases have been identified. No occupational diseases were identified and reported in 2021.

3.11.3. COVID-19-related health promotion and management

Almirall is firmly committed to promoting good health, with the aim of contributing to the health of its employees through training, communication, awareness-raising and health monitoring initiatives that encourage healthy lifestyles and well-being, both inside and outside the workplace. In 2021, for the second year in a row, the health promotion campaign programme was impacted by the COVID-19 health crisis, although to a lesser extent than in the previous year. Thus, the efforts of the Health and Safety Team and its Medical Services have continued to focus on defining prevention measures and intensive surveillance of workers' health.

The following is a summary of some of the main preventive measures implemented and maintained in 2021 in the organisation and at its work centres aimed at protecting the health of Almirall employees from COVID-19:

- Organisational measures: teleworking, flexible working hours and timetables.
- Individual measures: social distancing, respiratory protection and hand disinfection.
- Information to employees: continuous and systematic information, close collaboration with workers' representatives, physical signposting of health and safety measures.
- Health and safety: risk assessment in workplaces with potential exposure to COVID-19, protection of vulnerable workers, specific monitoring of workers' health, individualised psychological support, assurance of the provision and control of personal protective equipment.
- Cleaning and disinfection: reinforcement of cleaning and disinfection programmes, provision of hand-sanitising gel, specific waste management measures.
- Use of spaces: physical assurance of a minimum interpersonal distance of two metres, cancelling the use of some workstations, limiting the maximum allowable capacity of meeting rooms, break rooms, canteens and other common spaces. Physical separation measures. Monitoring of incoming and outgoing flows in each centre.
- Organisation: minimising the exchange of documents, avoiding face-to-face meetings, favouring the use of video conferencing, eliminating face-to-face training and travel activities, limiting lifts to one person, extending meal times, hygiene measures in company canteens, reinforcing control measures for external personnel.
- Other measures: suspension of the fitness service and other value-added services.
- Monitoring of compliance with standards: active monitoring of the level of compliance with the prevention rules implemented.

In addition, some of the activities carried out in the area of worker health monitoring during the management of the COVID-19 health crisis in 2021 are listed below:

- Proactive case management of infection and investigation of close contacts: a total of 143 confirmed cases of COVID-19, as well as 20 possible or suspected cases, were managed in 2021. In addition, 160 close contacts were identified, mostly from contacts outside the workplace.
- Temperature control at the entrances to the work centres until July 2021.
- Provision of reusable hygiene masks and their compulsory use at the workplace and during work.
- Campaigns to reinforce the need for flu and COVID-19 vaccination.

Given that Almirall's activities are considered essential, throughout the health crisis all the necessary activities were carried out to ensure business continuity, that is, to guarantee the continuity of the essential activities that cannot be paralysed due to the pandemic, both in the industrial and R&D centres:

- Employees: protection of workers' health, adopting the necessary preventive measures and monitoring all cases.
- Supply chain: in the industrial area, a Crisis Group was set up to closely assess the status of the different production centres and the impact on the supply chain, and how this could affect the availability of Almirall's products. It reacted when necessary from the following perspectives: a) products for sale in key markets and risk areas; b) continuity of operations in industrial centres (internal and external), as well as disruptive effects in the event of a lack of components; c) impact on current product launch projects.

- It should be noted that in 2021, expenditures of 456 thousand euros (1,284 thousand euros in 2020) were quantified, with no new investments worthy of mention occurring (158 thousand euros in 2020), in connection with both adaptation of the facilities to the new healthcare requirements and management of personnel in view of the mobility restriction.

3.11.4. Worker participation and consultation

With regard to employee participation and consultation, Almirall not only scrupulously complies with the commitments assumed in the different negotiation frameworks in each territory (for example, in Spain, the new 20th General Chemical Industry Agreement) but also goes one step further by further developing its continuous improvement system.

In general, at Almirall's work centres in Spain with 50 or more employees, a Health and Safety Committee has been established as a joint and collegiate participation body for regular and periodic consultation of the company in matters of occupational risk prevention. The Health and Safety Committee is formed by the Prevention Delegates, on the one hand, and by representatives of the company in a number equal to that of the Prevention Delegates.

On the other hand, at the Almirall Germany centre (Reinbek) the so-called ASA Committee (Occupational Safety and Health Committee - Arbeitsschutzausschuss) has been established, in which both the company and the workers (Work Council - Prevention Delegates) are represented, in addition to the support of the Medical Service and various technical figures in Prevention.

At a general level, the participation and consultation of workers takes place formally, through their representatives (Prevention Delegates), in the periodic meetings of the different Health and Safety Committees/ASA Committees. Nonetheless, on a day-to-day basis, the Prevention Delegates are informed and included as participants in the different processes managed in the PREVAL corporate application (incident investigations, change controls, audits, self-inspections, corrective and preventive actions, etc.), as well as on an occasional basis by means of specific information and consultation memos.

Table 4 lists the nine Health and Safety Committees/ASA Committees in operation at Almirall's centres in 2021, as well as the 55 meetings held during the year (29% reduction compared to the 78 meetings held the previous year, mainly due to the scheduling of fewer extraordinary meetings as a result of the COVID-19 health crisis).

| Centre | 2019 | 2020 | 2021 |
|--|------|------|------|
| Headquarters | 5 | 20 | 9 |
| Sant Feliu R&D Centre | 3 | 17 | 6 |
| Sant Andreu Pharmaceutical Plant | 5 | 9 | 5 |
| Reinbek Pharmaceutical Plant | 8 | 3 | 4 |
| Sant Andreu Chemical Plant | 5 | 4 | 6 |
| Sant Celoni Chemical Plant | 5 | 5 | 6 |
| Almirall, S.A. Spanish Subsidiary | - | 2 | 6 |
| Laboratorios Almirall, S.L. Spanish Subsidiary | - | 2 | 6 |
| Industrial Area - COVID-19 Committee | - | 16 | 7 |

Table 4 – Health and Safety Committees/ASA Committees.

As a general assessment of what was discussed in the formal meetings of the different Health and Safety Committees/ASA Committees held during 2021, it can be concluded that, the COVID-19 crisis apart, no special issues arose that required comments beyond what is described in the minutes of these meetings and in any corrective and improvement actions that may have been managed through PREVAL.

4. Community and Society

4.1. Respect for human rights

As could not be otherwise, Almirall is strongly committed to guaranteeing respect for human rights in all areas and at all levels of its business organisation. This commitment is realised, on the one hand, by recognising them and, on the other, by promoting them. This takes place through the implementation of appropriate corporate policies designed to ensure strict observance of the fundamental principles and values promoted by the main international human rights organisations, most notably the United Nations (UN) and the International Labour Organisation (ILO).

Accordingly, all production processes at Almirall are carried out in fair working environments, governed by values such as respect for human dignity and the autonomy of the individual, as well as equality, these being just a few of the core values that govern the company's business activity.

Guaranteeing the right to decent work is an essential part of the human rights sphere, as has been recognised by international organisations such as the UN and the ILO. In this regard, the policies that govern Almirall's actions in this area (equality, diversity and harassment protocols, as well as the Code of Ethics) are based on compliance with the labour regulations/legislation in force at all times. To this end, due diligence procedures have been implemented to ensure compliance with these regulations. These procedures materialise in the design and implementation of policies, plans and programmes that allow the company to verify compliance and proper observance of human rights within Almirall.

More specifically, through these procedures, Almirall guarantees, among others:

- Compliance with regulations on hiring and working conditions, which exclude abusive, forced or illegal labour situations, specifically child labour, from occurring in any of the Group's companies.
- Observance of non-discrimination and equality provisions by having plans and programmes in place to guarantee non-discrimination in terms of gender (Equality Plans), as well as to prevent the violation of the rights of groups at risk of social exclusion;
- Respect for its workers' rights of unionisation and free assembly through maximum compliance with the provisions of Organic Law 11/1985, of 2 August, on Trade Union Freedom in Spain, as well as for the rights and guarantees stipulated in the labour regulations for the members of the Legal Representation of Workers at all Almirall centres;
- Support for its workers' health and safety by implementing prevention plans and complying with the regulations on risk prevention and occupational health and safety.

Lastly, it should be noted that Almirall also has whistleblowing channels available to all its employees (as described in section 1.6 'Prevention of and fight against money laundering'), through which they can report any action that they believe constitutes or may constitute or result in a human rights violation. The existence of these reporting tools is widely known and, as they can be used by any worker, they represent an excellent mechanism for ensuring compliance with human rights at all levels. The whistleblowing channels are highly useful because, in addition to bringing possible violations of fundamental rights to Almirall's attention, they also allow the company to combat the violations and act proactively to prevent potential violations, thereby ensuring that human rights are promoted and respected. In 2021, six complaints were submitted through the whistleblowing channel in the United States and handled in accordance with the Group's internal procedures. No complaints have been submitted in Europe.

4.2. Social action plan to mitigate the impact of COVID-19

As mentioned in the different sections of this report, Almirall has taken the necessary measures to safeguard the health of its employees, while maintaining operational activities at levels closer to pre-pandemic levels (although there are still affected activities, especially in terms of medical visits and events) and to be able to continue supplying medicines to patients.

Almirall, as a health sector company, expressed its solidarity, responsibility and commitment to all the professionals who fight day after day to stop the spread of the pandemic, actively participating in this struggle by using its own resources to facilitate the work of all members of the community.

Among the measures taken that are still in force are the flexibilisation of the working day, incorporating teleworking days, investment in the digitalisation of different processes and adapting to the health conditions of each moment and always respecting the recommendations of the health authorities in the different geographic areas where the Group operates. For example, travel has been restricted to the most essential cases, encouraging the use of teleconferencing or videoconferencing, both for internal and external meetings.

Support programmes have also been made available to employees for both physical and mental health support for those in need.

From a strict health standpoint, the Health, Safety and Environment team together with the medical teams of each site have been monitoring the positive cases by COVID to ensure that there were no outbreaks that put the health of the employees at risk.

4.3. Commitments to sustainable development

In its daily activity, Almirall has close ties with all the interest groups involved in the fields of research and healthcare and it works to maintain a fluid relationship with all of them.

Partners such as healthcare professionals (HCPs), healthcare organisations (HCOs) and medical societies, patient organisations (POs) and patient advocacy groups (PAGs) play a key role in the work of improving skin health. Almirall's activities in collaboration with them provide the Group with an invaluable opportunity to listen, learn and share.

Patients

Benefiting patients is at the heart of all Almirall's activities. The company strives to provide effective treatments that improve the health and quality of life of patients and offer them the greatest possible benefit. The entire operating model, from scientific innovation to product marketing, is based primarily on understanding patients and their environment in order to provide them with the greatest possible value. The Group develops innovative medicines that address unmet needs that can have psychological implications; it likewise fosters greater awareness of little-known pathologies, such as psoriasis, that have a significant impact on patients' lives.

In 2021, we collaborated with a wide range of patient organisations (POs) that support skin disease sufferers and patients in other areas of strategic focus for Almirall. This direct contact with patient advocacy is in line with the commitment to build mutual respect and trust.

This year, collaboration continued with the Healthy Habits Project in partnership with Acción Psoriasis to address the need for guidance and support for psoriasis patients in terms of diet, physical activity and emotional well-being. In 2020, a multidisciplinary expert committee was set up with the participation of patients through this association. A detailed survey on dietary habits and nutrition was conducted and completed by almost 1,500 patients. In 2021, working together with the expert committee, the emotional management survey was developed to find out how we can help patients with psoriasis to improve their emotional well-being and, consequently, their overall well-being. This was launched through Acción Psoriasis to coincide with World Psoriasis Day.

As a support tool to improve patients' emotional well-being, Almirall presented the CLARO digital application to Acción Psoriasis to offer this tool to patients with psoriasis and psoriatic arthritis in Spain. By 2022, the third and final side of the pyramid, physical exercise, will be addressed by launching another survey. The results of the different surveys will be analysed in order to provide patients with solutions that meet their needs and help them improve their quality of life.

During World Psoriasis Day week, Almirall collaborated with IFPA (International Federation of Dermatological Societies) and created the #SheddingLightonPsoriasis campaign to raise awareness of the impact of the disease on the well-being of people living with the disease and of their families.

In the area of multiple sclerosis (MS), among other projects, we collaborated with regional MS patient associations with the following solidarity campaigns: the virtual MOUT-TE race; the 'An apple for life' campaign, which raised money and gave visibility to the 9,000 families of patients with multiple sclerosis in Catalonia, and the Mulla't campaign, an event that takes place in swimming pools across Spain. The Group was also involved at regional level with the World and National Multiple Sclerosis Day campaigns. Almirall also collaborates with these regional associations in conducting MS symptom workshops, in which patients are taught techniques for optimising exercise therapy and maintaining a routine that allows them to improve their symptoms in the medium/long term.

In the field of atopic dermatitis, we also collaborated with AADA (Asociación de Afectados por la Dermatitis Atópica) on National Atopic Dermatitis Day and involved the association in an internal awareness and CSR initiative (feelfit).

Health professionals

Almirall and health professionals share the goal of improving patients' quality of life. Healthcare professionals' experience provides the company with a wealth of knowledge about possible therapeutic solutions, areas of unmet medical needs, as well as patient responses to different treatments. The company is therefore in constant contact with healthcare professionals and, consequently, able to meet their needs and offer them the most up-to-date information about its products. It also maintains open channels of communication with academic institutions, hospitals and scientific societies to promote joint programmes that contribute to improving health.

These are some of the most relevant medical societies and patient organisations with which we have worked in recent years:

- International Psoriasis Council (IPC)
- The International League of Dermatological Societies (ILDS)
- Psoriasis from Gene to Clinic (Psoriasis G2C)
- International Federation of Psoriasis Associations (IFPA)
- The American Acne and Rosacea Society (AARS)
- Acción Psoriasis
- Asociación de afectados por la dermatitis atópica (AADA)
- Multiple Sclerosis Spain (EME) and regional MS associations
- Skin Cancer Foundation
- France Psoriasis

In the area of multiple sclerosis (MS), we also collaborate with both the Spanish MS association (EME) with the national and world MS day, as well as with the annual linkEM congress, a forum for sharing information and tools to foster the creation of new research projects and studies addressing quality of life issues for people with MS.

In terms of collaboration with healthcare institutions and patients, the FHarmaconectados initiative of the ProPatients Institute, a study that analyses how hospital pharmacies can better meet the needs of patients, was carried out. In 2020 and 2021, 24 hospitals across Spain took part, and it included 500 patients to whom hospital medication was being administered. The goal was to connect hospital pharmacists with the voice of the patient and to align and redesign supply, care and activities to better meet their most pressing needs.

Strategic partners

The company believes that agreements with other companies help them to offer a balanced and competitive product portfolio and also serve to enhance their business growth. Almirall is, therefore, continuously looking for collaborations and associations that will enhance its R&D capabilities, expand the pipeline and help it achieve its objectives. The strategic partnerships cover the entire drug value chain and allow the company to share efforts, resources and risks for the purpose of discovering innovative treatments in the medical dermatology field. The most important strategic partners during the 2021 financial year were the following:

- MC2 Therapeutics
- Happify Health
- Tyris Therapeutics
- Kaken Pharmaceuticals
- Ichnos Science

Associations and health authorities

Almirall complies with all legal and administrative processes required by the health authorities in all areas of activity. Moreover, it collaborates with associations to develop health-related projects. Almirall is a member of the European Federation of Pharmaceutical Industries and Associations (EFPIA) and the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA), among others.

In all of these relationships, the information provided to the associations, along with the company's scientific knowledge, are used to develop products with the highest degree of safety and effectiveness to maximise patient well-being. The Group seeks to extend its commitment to all its partners and suppliers in the value chain in order to form solid relationships based on integrity, trust and transparency.

Almirall also carries out several awareness campaigns on various pathologies with the aim of making patients aware of how to control the symptoms of the diseases they suffer from and to raise awareness among the general public of the impact these diseases have on the people who suffer from them.

In Spain, several collaboration agreements were entered into with the health administration at national and regional level, as well as with hospital pharmacy departments. The main projects in 2021 were in the field of Telepharmacy, Telecare, Home Medication Delivery, as well as supporting hospital pharmacy services in carrying out studies incorporating the patient perspective (PROMs & PREMs). Increasingly, projects are multidisciplinary, involving the entire healthcare chain.

Also in Spain, it has been working with the residency programme for doctors (MIR) and Fundación Galatea since 2009 to promote healthy lifestyles for health professionals and encourage preventive care for health professionals through workshops targeted to their needs. In 2020, in light of the intense stress and unprecedented working conditions faced by health professionals, Almirall joined Fundación Galatea's initiative to provide a platform offering free psychological help and support to health professionals by telephone and video-conference, reaching hundreds of health professionals.

Non-Governmental organisations

Almirall works with several non-profit organisations to promote activities, offer services and fund projects that they consider fundamental for the social development of the most disadvantaged populations and regions. For example, the company maintains close relationships with patient organisations and patient advocacy groups, as discussed in detail, collaborating on projects and placing the company's expertise at their disposal. This makes it possible to have a complete picture of their needs, the conditions surrounding their diseases, and the emotional and social barriers they face.

Almirall only makes donations, contributions and sponsorships to institutions, organisations or associations that are made up of healthcare professionals and/or provide healthcare or conduct research, subject in all cases to the following requirements:

- They must be made for the purpose of supporting healthcare or research;
- They must be validated and authorised internally beforehand, correctly documented on the basis of the corresponding prior contract, and the data of the corresponding beneficiaries duly identified and recorded;
- They must not be intended to induce the recommendation, prescription, purchase, dispensing, sale or administration of specific drugs; and
- They do not violate either the applicable local regulations or the ethical commitments assumed by the sector.

In 2021, donations amounting to 362 thousand euros were made to various foundations, universities and health centres, mainly in Italy, Germany and Spain. Almirall does not allow donations and grants that benefit individual medical professionals.

Since 2017, Almirall has participated as a founding member of the Access Accelerated programme, an initiative that is developing scalable and sustainable solutions to save lives and improve people's health. The programme brings together more than 20 biopharmaceutical companies and numerous implementing partners to address the growing number of non-communicable diseases (NCDs) in low- and middle-income countries. The initiative directly addresses the Sustainable Development Goals (SDGs) identified in the United Nations 2030 Agenda, which aims to reduce premature mortality by one third by that year. NCDs are considered a global health crisis: Each year, 41 million people die from NCDs, making it the leading cause of death and disability worldwide, and 32 million of these deaths disproportionately affect people in low- and middle-income countries.

Almirall is proud to collaborate on this project to collectively work towards a better future, one in which premature deaths from treatable diseases are a thing of the past and people living with or at risk of non-communicable diseases have access to quality and affordable preventive measures, treatment and care.

4.4. Subcontracting and suppliers

Respect for the law, the commitments assumed, the quality of service and contractual good faith form the basis of the relationship between Almirall and its suppliers. We demand quality, rigour, commitment and excellence from all of them, as we firmly believe that our suppliers are an extension of Almirall's activities and, therefore, one of our most important assets. Suppliers are required to be reciprocal and transparent in the provision of services and in the information they provide to us regarding their technical and financial solvency.

To ensure that the product supply chain is stable and sustainable, Almirall has supplier approval processes which, depending on the service provided or goods supplied and the geographic area from which they operate, ensure that they comply with the requirements established by Almirall and the regulatory framework in terms of quality, the environment (ISO certification, ecological criteria), occupational health and safety, and labour practices.

In recent financial years, Almirall has been working to increase and strengthen these processes. Specifically, the Purchasing department leads the Sustainable Purchasing Programme, which is framed within Almirall's ESG strategy. This programme is made up of a series of initiatives that are included in the 2019-2020 and 2021-2023 roadmaps.

As part of the Purchasing Sustainability Programme, the Purchasing department has promoted the following actions over the last three years:

4.4.1. Policies and processes:

Updating in 2019 of Almirall's Purchasing department policy to strengthen corporate social responsibility issues (including social, gender equality and environmental aspects) during the supplier bidding and approval processes. In this regard, sustainability was included as part of the department's mission as well as one of the risk categories to be quantified and measured as part of the process of procuring goods and services.

Implementation in 2019 of the Almirall Supplier Code of Conduct, which is available on the corporate website, with the aim of strengthening the Group's commitment to sustainability and communicating ESG expectations to suppliers. Almirall's Supplier Code of Conduct is made up of five blocks (ethical principles, human rights, occupational health and safety, respect for the environment, and quality). Knowledge and acceptance of Almirall's Supplier Code of Conduct during the bidding and approval process is an important element in the evaluation and selection of a supplier, along with other criteria, to ensure that they are aligned with Almirall's ethical, social and environmental commitments. During the approval process, the supplier must accept and commit to compliance with it (and commit to requiring its subcontractors to do the same).

Inclusion in 2019 of questions related to corporate social responsibility and sustainability actions in the Request for Information (RFI) questionnaires to suppliers, as well as during the approval process, which are evaluated by the purchasing specialists when analysing a supplier's suitability.

Implementation in 2021 of a new work protocol related to supplier selection, with the aim of including, among other items, financial and non-financial risk assessment criteria with a weighting of between 5-10%.

Implementation in 2021, with availability as of 2022, of the obligation to conduct an ESG audit as a pre-requisite for all suppliers awarded a project in excess of 500 thousand euros.

4.4.2. Contracts with suppliers

In 2020 and 2021, all the standard contract models delegated to the purchasing team from the legal department have been progressively updated with the aim of including clauses relating to suppliers' compliance with the social, ethical and environmental commitments set out in Almirall's Supplier Code of Conduct and acceptance, where applicable, of any ESG audits that Almirall may request. These contracts cover all the activities for which selection and contracting is managed by the purchasing department, both for the purchase of goods classified as 'direct expenditure' (related to the production of our products) and 'indirect expenditure' (related to services not directly linked to production).

Likewise, Almirall's General Conditions for Purchasing have been implemented and are available on our corporate website, in the suppliers' area, in Spanish and English, and include the same commitments on the part of the supplier. These conditions apply by default to all purchases in the absence of a specific contract and include commitments regarding adherence to the Supplier Code of Conduct and participation in any supplier platform required by Almirall, including the platform used for ESG supplier audits.

4.4.3. Audits

In line with our Noble Purpose, as part of the Sustainable Purchasing Programme, we evaluate our suppliers remotely through an independent global rating agency which uses the strictest ESG criteria, and we implement individual action plans taking into account the results of each supplier's evaluation and the potential risks identified in same. Suppliers are included in the audit programme on the basis of pre-defined criteria (determined by the type of service, the criticality of the service, the level of expenditure in the last twelve months prior to the screening and the geographic area from which the suppliers operate).

As of the closing date of the 2020 non-financial statements report, more than 190 suppliers had been invited to participate in the audits and, based on the results received from more than 130 of them, no suppliers were identified as high risk and only 26 were identified as medium risk in accordance with the established methodology.

In the 2020-2021 period, the metrics of the supplier ESG audits were the following:

| | No. of suppliers | % Expenditure(*) |
|--|------------------|------------------|
| Providers included in the programme | 261 | 60.15% |
| Suppliers with results | 214 | 45.76% |
| Suppliers who declined to participate | 39 | 5.89% |

(*) The reference to '% Expenditure' refers to the percentage represented by the expenditure invoiced to these suppliers in the last 12 months with respect to the total expenditure on suppliers for the same period and managed by the Purchasing and External Sites Operations departments, the latter being responsible for contract manufacturing organisations.

Of the 214 suppliers with results in the 2020-2021 audits, only 1 was found to be high risk and 28 were medium risk, representing 0.36% and 5.59% of expenditure, respectively.

At the close of the audits, the high/medium-risk suppliers are asked to take the corrective actions identified as 'areas for improvement' in the audits based on an established action plan. They are also asked to undergo a re-evaluation within the following twelve months. Since the start of the collaboration with the auditor in the ESG area, suppliers that had already been audited in previous years were re-evaluated, and a significant improvement trend was demonstrated in the evaluations. Follow-up is done with suppliers who decline to participate to discover the reasons for their decision and action is taken accordingly.

4.4.4. Key performance indicators (KPIs) of the Sustainable Purchasing Programme. External recognition

In order to measure and monitor the development and success of the Sustainable Purchasing Programme, the KPIs of the programme for the years 2021-2023 were defined and communicated to the company's ESG committee in 2021. As reflected in the 2021 metrics included in the previous section, these KPIs were not only met but also substantially exceeded during the year.

2021-2023 Sustainable Purchasing Programme KPIs

| Name of the KPI | Description of the KPI | KPI target/year |
|---------------------------------------|--|-------------------------------------|
| Providers included in the programme | % expenditure(*) invoiced to suppliers included in the ESG audit programme | 2021: 60% 2022: 62% 2023: 64% |
| Suppliers with results | % expenditure(*) invoiced to suppliers with results available in the ESG audit programme | 2021: 35% 2022: 45% 2023: 50% |
| Suppliers who declined to participate | % expenditure(*) invoiced to suppliers that declined to participate in ESG audits | 2021: 20% 2022: 12% 2023: 10% |

(*) The reference to '% Expenditure' refers to the percentage represented by the expenditure invoiced to these suppliers in the last 12 months with respect to the total expenditure on suppliers for the same period and managed by the Purchasing and External Sites Operations departments, the latter being responsible for contract manufacturing organisations.

As part of Almirall's commitment to sustainability, in 2021 Almirall was awarded the Ecovadis platinum medal for the results of its ESG audit. This result places Almirall in the top 1% of companies in the 'Manufacture of basic pharmaceutical products and pharmaceutical preparations' sector rated by Ecovadis, which has more than 85,000 member companies from more than 200 sectors of activity in more than 160 countries. Part of the substantial improvement in the overall rating is due to the results achieved in the Sustainable Purchasing dimension, which places us in the top 7% of the companies with the best Ecovadis evaluation in this dimension in our sector.

4.4.5. Supplier diversity

Our philosophy includes fostering relationships with local suppliers in order to promote value creation and generate a positive impact on the society around us. In this sense, in order to maximise our positive social impact, we contract Special Work Centres (CET) for part of the services of supplying office material and Personal Protective Equipment (PPE), event logistics, as well as the reprocessing and handling of finished products and displays.

4.4.6. Resources. Training and specific objectives

In 2019, an additional resource was added to the purchasing team to develop the strategy, implement and advance in the continuous improvement of the Sustainable Purchasing Programme.

Since 2019, all Almirall professionals involved in the Sustainable Purchasing Programme have a specific objective linked to the support and activities related to the programme and have received specific annual training on sustainability and sustainable purchasing, management of the programme and use of the audit platform, implementation of mitigation plans for identified risks and specific training on climate change.

Since 2020, specific communication materials have been available to suppliers covering the objectives and expectations of the programme, and post-evaluation feedback was provided along with resources and assistance for improving the score and implementing the requested corrective actions, all with the aim of ensuring alignment with our expectations, commitment to sustainability and continuous improvement on the part of our suppliers.

4.5. Group tax information

4.5.1. Almirall's tax policy

The fundamental objective of Almirall's tax strategy is to guarantee strict compliance with the applicable tax regulations and ensure adequate supervision of the tax policy implemented by its subsidiaries in all the territories where it currently operates: Spain, Germany, the United States, Italy, Switzerland, France, Austria, Luxembourg, Portugal, the United Kingdom, Denmark, Sweden, the Netherlands, Belgium, Poland and China. It does this while seeking maximum legal certainty, contributing to the fulfilment of the business strategy in the short, medium and long term, and maintaining a position of collaboration and transparency with the respective tax authorities.

Almirall has no presence in territories classified as tax havens, and its commercial transactions with third parties located in these or in any other territories are within the framework of its ordinary industrial and commercial activity. Furthermore, it rejects artificial transfers of earnings to these territories and the opacity provided by the lack of transparency of these territories, in accordance with the international taxation principles and recommendations of the OECD's Committee on Fiscal Affairs. Accordingly, it does not use structures of an artificial nature, unrelated to its activity, for the purpose of reducing its tax burden or transferring earnings.

Transparency of information on tax matters is considered essential to Almirall's tax policy. For this reason, it acts by providing, in the most complete manner, the information and documentation with fiscal significance requested by the competent tax authorities in the shortest possible time. Likewise, it develops and promotes a cooperative and fluid relationship with tax authorities based on respect for the law, trust, good faith, reciprocity and cooperation.

In May 2014, Almirall's Board of Directors agreed to adhere to the Code of Good Tax Practices in Spain, which includes a series of recommendations aimed at achieving application of the tax system through cooperation between the public administration and companies. This adhesion is aligned with the principles and guidelines for action in tax matters established in Almirall's tax strategy.

Almirall is also sensitive to and aware of its responsibility in the economic development of the territories in which it operates, contributing to the creation of economic value through the payment of taxes.

Almirall's tax policy is based on a prudent and reasonable interpretation of the tax regulations in force in each jurisdiction. The Group avoids significant tax risks by implementing internal information and control systems that enable it to manage tax matters in an orderly and expert manner. Likewise, it uses the services of independent tax experts of recognised and proven reputation before adopting any business decision with potential tax implications. If necessary, it collaborates with the competent tax authorities in seeking solutions to achieve certainty and stability in the tax criteria to be applied by the administration and to give priority to non-litigious means of dispute resolution.

Almirall has established a transfer pricing policy for all transactions with related parties that is aligned with the principles established by the main competent international bodies. This policy is reviewed annually to avoid any deviation from these principles. With the aim of achieving legal certainty and increasing transparency and cooperation, since 2007, Almirall, S.A. has been periodically signing Preliminary Agreements for the Valuation of related transactions with the Spanish Tax Agency in relation to the distribution of its products by the Group's international subsidiaries. The latest Agreement was signed in 2019 and is valid until 2022.

4.5.2. Tax contribution

The Total Tax Contribution measures the total impact of a company's tax payments. This assessment is made from the standpoint of the total contribution of taxes paid directly or indirectly to the different administrations as a result of the Company's economic activity.

A distinction is drawn between the taxes that represent a cost to Almirall and the taxes it collects:

- The taxes borne are those taxes that Almirall has paid to the administrations of the different states in which it operates. These are taxes that have represented an effective cost for Almirall, and they basically include payments for income tax, local taxes, miscellaneous taxes and Social Security contributions payable by the company.
- These are taxes that have been paid as a result of Almirall's economic activity without entailing a cost to the company other than that involved in managing them. They basically include net value added tax, withholdings for employees and third parties, and social security contributions payable by employees.

With regard to taxes paid, and specifically in relation to income taxes paid or collected, the information for the last three financial years is as follows (aggregate amounts under "Other countries" are not detailed as they are not individually significant):

| Millions of euros Payments/(Collections) by location | 2019 | | | 2020 | | | 2021 | | |
|--|----------------------------|--|--------------|----------------------------|--|--------------|----------------------------|--|---------------|
| | Relating to prior years | Payments on account for the year | Total | Relating to prior years | Payments on account for the year | Total | Relating to prior years | Payments on account for the year | Total |
| Spain | (20.9) | 19.3 | (1.6) | - | 11.2 | 11.2 | (39.6) | 11.7 | (27.9) |
| Germany | 1.5 | 9.6 | 11.1 | 0.8 | 10.7 | 11.5 | - | 11.5 | 11.5 |
| Italy | - | 2.6 | 2.6 | - | 0.9 | 0.9 | 2.3 | 2.1 | 4.4 |
| Switzerland | - | 3.1 | 3.1 | - | 3.2 | 3.2 | 1.8 | 2.1 | 3.9 |
| United States | (0.7) | 3.4 | 2.7 | - | (1.4) | (1.4) | (16.7) | 0.3 | (16.4) |
| Other countries | 0.2 | 0.5 | 0.7 | 0.1 | 0.8 | 0.9 | 0.2 | 0.8 | 1.0 |
| Group Total | (19.9) | 38.5 | 18.6 | 0.9 | 25.4 | 26.3 | (52.0) | 28.5 | (23.5) |

4.5.3. Pre-tax net profit by country

Below is a detail of the pre-tax net profit generated in each of the countries included in the Almirall Group's consolidated group. This net profit has been calculated on the basis of IFRS accounting principles at the individual level, in each of the countries indicated, before incorporating consolidation adjustments:

| Pre-tax net profit (thousands of euros) | 2019 | 2020 | 2021 |
|--|----------|-----------|-----------|
| Spain | 75,854 | 24,927 | (30,142) |
| Netherlands | 7,045 | 12,724 | 6,792 |
| Belgium | 154 | 117 | 200 |
| Portugal | 387 | 282 | 379 |
| United Kingdom | 1,530 | 727 | 485 |
| France | 2,544 | 2,091 | 2,262 |
| Poland | 26 | 24 | 18 |
| Germany | 31,683 | 36,406 | 37,330 |
| Austria | 1,079 | 367 | 322 |
| Italy | 6,744 | 17,876 | 6,368 |
| Denmark | 225 | 269 | 452 |
| United States | (59,591) | (118,921) | (263,506) |
| Switzerland | 24,558 | 41,523 | 30,636 |

Note 22 of the annual consolidated accounts also detail the reconciliation between the accounting result and the tax result. In general, the origin of the permanent differences in the individual companies corresponds mainly to the different tax treatment of certain expenses accrued in those years.

- The increase in the basis for permanent differences in 2021 and 2020 is mainly due to the different tax treatment of certain expenses accrued in those years. The decrease in the basis for permanent differences in 2021 is basically due to the reduction in taxable income from the disposal of intangible assets.
- The decrease in the tax base due to permanent differences in 2019 was basically due to the reduction in the tax base of income from the disposal of intangible assets. In relation to government subsidies, the information can be found in note 18 of the consolidated annual accounts at the close of the 2021 financial year.

4.6. Quality Systems and Pharmacovigilance as tools to ensure product quality, health and consumer safety

Almirall has a Quality Assurance and Pharmacovigilance system which defines the roles, responsibilities and procedures to be followed, with the ultimate goal of ensuring the quality of the products and the safety of patients/customers. For the territories where Almirall sells its products, there are designated persons in charge of local Quality Assurance and Pharmacovigilance. The functions of the Quality Assurance department include collection of information on market quality complaints, the processing of these with the head office and/or manufacturer for evaluation and investigation, in addition to being the contact persons with the national health authorities in each country. On the other hand, the functions of the Pharmacovigilance department include collection of information on possible adverse reactions (side effects), the processing of these with the head office for evaluation, in addition to being the contact persons with the national authorities of each country.

4.6.1. Quality Systems

Almirall is a global pharmaceutical company dedicated to the supply of products through its own R&D efforts and agreements and partnerships aimed at providing products to improve the health and quality of life of patients, in accordance with international quality standards in the sector and in compliance with all legal and regulatory requirements in force.

Almirall has a direct presence in most European Union countries through its own well-established subsidiaries, whose purpose is the direct marketing of Almirall products in each territory. In addition, licensing of products to external partners allows Almirall to market products in other countries around the world.

Almirall, as the holder of manufacturing, storage, transport, distribution and marketing authorisation for medicines and medicinal products, complies with the legislation in force in the countries where it markets its products. In the field of medicines and medicinal products, the responsibilities of the pharmaceutical industry are clearly detailed by the applicable pharmaceutical legislation in force.

Almirall has a global quality system that pursues continuous quality improvement and covers active ingredient manufacturing plant processes, finished product, subcontracted manufacturers, suppliers of starting materials, storage and distribution services.

A significant number of international health authorities conduct regular inspections at manufacturing plants to verify that they comply with the established quality standards. The favourable results of external audits and inspections by health authorities, international bodies and customers in 2021 demonstrate Almirall's commitment to the quality and safety of its products.

Evolution of the number of external audits and inspections:

| Inspection team | 2019 | 2020 | 2021 |
|---|------|------|------|
| Health authorities | 19 | 14 | 17 |
| External inspections by business partners | 4 | 4 | 10 |

In 2021, a total of 27 quality inspections were managed. The inspections covered different types of products (pharmaceuticals, medical devices and cosmetics) and were conducted by inspectors from different countries, using various local and international regulations as a reference. Seventeen inspections were managed by different health authorities and/or certifying bodies; the rest were managed by external partners. The inspectors came from at least 14 different countries and focused on 16 separate sites (of the Almirall Group and/or contract manufacturers). Almirall has a Quality Assurance and Pharmacovigilance system that defines the roles, responsibilities and procedures to be followed, with the ultimate goal of ensuring the quality of products and ensuring the safety of patients/customers in the supply, manufacturing and distribution chain of its products.

Almirall works with suppliers of starting materials and services that impact the quality of the product, all of them previously approved by Quality Assurance. Within the processes of approval and continuous verification of the quality of suppliers, annual audit plans are established for their facilities. As a reference, 84 audits were conducted in 2021 with the following distribution:

| Area | Type of supplier | Year | Results | | |
|-------------|--------------------------------------|----------|-----------------------|------------|--------------|
| | | | No. of quality audits | Favourable | Unfavourable |
| Manufacture | Starting materials and services | 2019 | 120 | 120 | - |
| | | 2020 (*) | 60 | 60 | - |
| | | 2021 (*) | 71 | 71 | - |
| Commercial | Distributors and transport companies | 2019 | 12 | 12 | - |
| | | 2020 (*) | 3 | 3 | - |
| | | 2021 (*) | 13 | 13 | - |

(*) due to the context of the COVID-19 pandemic, inspections initially planned for 2020 were rescheduled to 2021-2022 according to the performance criteria established by the Health Authorities in 2020 and due to global travel constraints.

For the territories where Almirall distributes and markets its products, procedures exist that describe the quality system associated with local distribution, and there are people designated to be responsible for local Quality Assurance and Pharmacovigilance in each subsidiary.

The functions of the Quality Assurance department include collection of information on market quality complaints, processing of these complaints with the head office and/or manufacturer for evaluation and investigation, in addition to being the contact persons with the national health authorities in each country. The functions of the Pharmacovigilance department include collection of information on possible adverse reactions (side effects), the

processing of these with the head office for evaluation, in addition to being the contact persons with the national authorities of each country.

At the corporate level, within the Quality Assurance area, a multidisciplinary team of health science professionals (including mostly pharmacists and chemists) evaluates the information collected, performs the relevant investigation in each case and takes responsibility for producing investigation reports, issuing conclusions and responding to the customer who submitted the quality complaint. This team is also responsible for establishing preventive and corrective action plans to avoid their recurrence, as well as for informing the national health authorities, in the cases foreseen in the health regulations. This activity is ongoing throughout the life cycle of each drug.

There is also a Quality Operating Committee, chaired by the Quality Assurance Director, with the active participation of the Group's industrial and business operations areas, to guarantee the necessary coordination on quality issues, as well as to sustain and develop an effective quality system in perfect alignment with the health regulations in force.

The market complaint data for the last three years are as follows:

| | 2019 | 2020 | 2021 |
|--|-------------|-------------|------------|
| No. of drug complaints (ppm) | 5.1 | 4.6 | 3.3 |
| Medicines released (units) | 104,209,910 | 102,328,984 | 89,163,533 |
| No. of complaints regarding active ingredients (ppm) | - | - | - |
| Active ingredients released (kg) | 124,465 | 129,943 | 119,894 |
| No. of quality inquiries received | 1,268 | 1,052 | 1,087 |

As of the date this document was issued, more than 98% of the enquiries received in 2021 were answered promptly, and the rest are being processed, with the objective of closing them on schedule.

4.6.2. Pharmacovigilance Systems

In addition to the management of quality complaints, Almirall has teams in charge of Pharmacovigilance management. In the event that Almirall's Quality Assurance department is informed that a product defect may be associated with an adverse reaction, by company procedure, the Quality Assurance department will notify the Pharmacovigilance department for subsequent management, and vice versa.

In the Pharmacovigilance area at corporate level, within the R&D area, there is a team of health science professionals (including doctors, pharmacists, etc.) who evaluate the information collected, carry out follow-up activities if necessary to find out more details about the reported reaction as well as to prepare and distribute safety reports to the health authorities in accordance with current guidelines. This team is also responsible for ensuring that the safety information available in the package leaflets is up to date at all times with regard to adverse reactions. This activity is ongoing from the first authorisation of the product until it is cancelled and its marketing authorisation suspended.

In relation to the Pharmacovigilance area, there is a corporate drug safety committee, which is the body responsible for making relevant decisions on safety matters as well as for ensuring compliance with legislation and the safety of patients/customers.

To guarantee the continuity of the Pharmacovigilance activity, there is a business continuity plan, which was activated due to the COVID-19 pandemic in 2020 and kept in place during 2021, the most noteworthy aspect of which being the continuity of teleworking activities. The pandemic has had no impact on the Pharmacovigilance system.

The most significant adverse reaction metrics for the last three years are as follows:

| | 2019 | 2020 | 2021 |
|---|-------|-------|-------|
| No. of adverse reactions received and processed at Almirall | 4,291 | 3,518 | 3,429 |
| No. of adverse reactions reported to European Health Authorities (EMA) as required by current legislation | 1,269 | 1,330 | 1,827 |

The safety information collected in 2021 does not alter the benefit/risk profile of Almirall's products and has not been the subject of safety-related regulatory action by the competent health authorities.

5. About this report

5.1. Scope of the report

This report covers the period from 1 January to 31 December 2021, corresponding to Almirall's financial year. In the sections where historical data appears, figures for the last three financial years (2019-2021) have been included.

For the purposes of this report, Almirall S.A. and all its subsidiaries are referred to as 'Almirall' or 'the Group'. The information reported includes all the Group's subsidiaries. A list of Almirall's subsidiaries can be found in the Appendix to the Consolidated Financial Statements for the year ended 31 December 2021.

The financial information included in this report is derived from the Consolidated Financial Statements for the year ended 31 December 2021.

The indicators included in this report have been compiled by Almirall. The system used to obtain information guarantees methodological rigour and allows for historical comparisons.

Almirall incorporates the content of this non-financial information in this Management Report. In addition, it prepares an Annual Report, a document that reports on its social and environmental policies, as well as its commitment and performance in sustainability and ESG. In it, the Group provides detailed information on its actions with regard to the issues described above.

5.2. Principles of preparation

Almirall has defined the content of this report using the selected GRI standards.

- Inclusion of stakeholders: Almirall maintains a constant dialogue with all its stakeholders. The company is able to anticipate their concerns to meet their expectations and interests.
- Sustainability context: Almirall aspires to contribute to economic, environmental and social progress at local, regional and global levels. The 2021 performance information is contextualised within the framework of the regions where it operates.
- Materiality: Almirall focuses the content of this report on issues on which it has a significant economic, environmental and social impact, as well as those that could substantially influence the decisions and assessments of its stakeholders.
- Completeness: The significant issues included in this report sufficiently reflect the most significant social, economic and environmental impacts of the group to enable stakeholders to assess its performance over the course of the financial year.

5.3. Index of contents required by Law 11/2018 of 28 December

| Area | Content | Related GRI Standards | Reference to Statement of Non-Financial Information (page no.) |
|--|--|--|---|
| Business model | Brief description of the group's business model, including: 1) its business environment, 2) its organisation and structure, 3) the markets in which it operates, 4) its objectives and strategies, 5) the main factors and trends that may affect its future development. | 102-1, 102-2, 102-3, 102-4, 102-6, 102-7 | 1 'Business Model' (p. 4) |
| Policies | A description of the group's policies with respect to these matters, including: 1) due diligence procedures applied for identification, assessment, prevention and mitigation of significant risks and impacts 2) verification and control procedures, including the measures adopted. | 103-2 | 2 'Environmental management' (p. 15) 4 'Community and Society' (p. 42) 3 'Employees' (p. 29) 1.6 'Prevention of and fight against money laundering' (p. 14) |
| Short-, medium- and long-term risks | The principal risks associated with the group's activities in relation to these issues, including, where relevant and proportionate, any of its business relationships, products or services that might have an adverse impact in the group's activities in relation to those areas; and - how the group manages said risks, - explaining the procedures used to detect and assess them in accordance with the national, European or international reference frameworks for each matter. - Information should be included on the impacts that have been identified, providing a breakdown of these impacts, in particular the main short-, medium- and long-term risks. | 103-2, 102-15 | 2 'Environmental management' (p. 15) 4 'Community and Society' (p. 42) 3 'Employees' (p. 29) 1.6 'Prevention of and fight against money laundering' (p. 14) 4.2 'Social action plan to mitigate the impact of COVID-19' (p. 47) 4.4 'Subcontracting and suppliers' (p. 50) |
| Environmental issues | Global environment | | |
| | 1) Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety, environmental assessment or certification procedures; 2) Resources dedicated to the prevention of environmental risks; 3) The application of the precautionary principle, the amount of provisions and guarantees for environmental risks. (e.g., derived from the environmental liability law) | 103-2, 102-11 | 2 'Environmental management' (p. 15) |
| | European Taxonomy | | |
| | Regulation (EU) 2020/852 containing the fundamentals of the common European classification system for environmentally sustainable economic activities, in particular the delegated acts for climate change mitigation and adaptation. | N/A | 2.2 'European Taxonomy' (p. 157) |
| | Pollution | | |
| | Measures to prevent, reduce or remediate carbon emissions that seriously affect the environment, taking into account any form of activity-specific atmospheric pollution, including noise and light pollution. | 103-2 | 2.4 'Air, noise and light pollution' (p. 23) |
| | Circular economy and waste prevention and management | | |
| | Circular economy | 103-2 | |
| | Waste: Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste; | 103-2, 306-2 | 2.6 'Waste management, eco-design and biodiversity' (p. 26) |
| | Actions to combat food waste. | | Not applicable |
| | Sustainable use of resources | | |
| | Water consumption and water supply according to local constraints; | 303-1 | 2.5.2 'Water consumption and wastewater discharges' (p. 25) |
| | Consumption of raw materials and measures taken to improve the efficiency of their use; | 301-1 | 4.4 'Subcontracting and suppliers' (p. 50) |
| | Direct and indirect energy consumption, measures taken to improve energy efficiency and the use of renewable energies. | 103, 302-1, 302-4 | 2.5.1 'Power consumption' (p. 24) |
| | Climate Change | | |
| The significant elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces; | 103-2, 305-1, 305-2 | 2.3 'Climate change and greenhouse gas emissions' (p. 19) | |
| Measures taken to adapt to the consequences of climate change; | 103-2 | | |
| The reduction targets voluntarily established in the medium and long term to reduce greenhouse gas emissions and the means implemented for this purpose. | 103-2 | | |
| Biodiversity protection | | | |
| Measures taken to preserve or restore biodiversity; | 103-2 | 2.6 'Waste management, eco-design and biodiversity' (p.26) | |
| Impacts caused by activities or operations in protected areas. | Not applicable | | |
| Social issues and concerning personnel | | | |
| Employment | | | |
| Total number and distribution of employees by gender, age, country and job classification; | 103-2, 102-8, 405-1 regarding to employees by | 3.7 'Employment: headcount and distribution' (p. 39) | |

| Area | Content | Related GRI Standards | Reference to Statement of Non-Financial Information (page no.) |
|--------------|---|---|---|
| | | category, gender and age | |
| | Total number and distribution of employment contracts, | 102-8 regarding to employees by category, gender and age | 3.7 'Employment: headcount and distribution ' (p. 39) |
| | Average annual number of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification, | 102-8 | 3.7 'Employment: headcount and distribution ' (p. 39) |
| | Number of dismissals by gender, age and professional classification; | 103-2 | 3.8 'Layoffs by gender, age and occupational classification/country' (p. 41) |
| | Average remunerations and their evolution disaggregated by gender, age and professional classification or equal value; Wage gap, the remuneration of equal or average jobs in society, | 103-2, 405-2 regarding to wage of women compared to men by professional category | 3.4 'Remuneration, integration and equality ' (p. 35) |
| | The average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term savings schemes and any other payments broken down by gender, | 103-2 | 3.4 'Remuneration, integration and equality ' (p. 35) |
| | Implementation of work disconnection policies, | 103-2 | 3.5 'Work organisation' (p. 37) |
| | Employees with disabilities. | 103-2, 405-1 regarding to diversity indicators | 3.9 'Access for people with disabilities' (p. 41) |
| | Work organisation | | |
| | Organisation of working time | 103-2 | 3.5 'Work organisation' (p. 37) |
| | Number of absence hours | 103-2 | 3.10 'Absenteeism' (p. 41) |
| | Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of these rights by both parents. | 103-2 | 3.5 'Work organisation' (p. 37) |
| | Health and safety | | |
| | Health and safety conditions at work; | 103-2, 403-1 | 3.11 'Health and safety' (p. 42) |
| | Occupational accidents, in particular their frequency and seriousness, Occupational diseases, disaggregated by gender. | 403-9 regarding to accidents' number and rate 403-10 regarding to cases of occupational diseases and illnesses | 3.11.2 'Accidents at work' (p. 43) |
| | Social relationships | | |
| | Organisation of social dialogue, including procedures for informing, consulting and negotiating with employees; | 103-2 | 3.6 'Social relationships' (p. 38) |
| | Percentage of employees covered by collective agreement by country; | 102-41 | |
| | The balance of collective agreements, particularly in the field of health and safety at work. | 403-4 | 3.11.4 'Worker participation and consultation' (p. 46) |
| | Training | | |
| | The policies implemented in the area of training; | 404-2 | 3.3 'Training and talent' (p. 32) |
| | The total number of training hours per professional category. | 404-1 | |
| | Universal accessibility for people with disabilities | 103-2 | 3.9 'Access for people with disabilities' (p. 41) |
| | Equality | | |
| | Measures taken to promote equal treatment and opportunities for women and men; | 103-2 | 3.4 'Remuneration, integration and equality ' (p. 35) |
| | Equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for people with disabilities; | 103-2 | |
| | The policy against all types of discrimination and, where appropriate, diversity management. | 103-2 | 3.4 'Remuneration, integration and equality ' (p. 35) 4.1 'Respect for human rights' (p. 46) |
| Human rights | Implementation of human rights due diligence procedures Prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and redress possible abuses; | 103-2, 102-16, 102-17 | 4.1 'Respect for human rights' (p. 46) |
| | Complaints of human rights violations; | 103-2, 406-1 regarding to number of discrimination cases | |
| | Promotion and enforcement of the provisions of the core conventions of the International Labour Organisation related | 407-1 regarding to policies adopted by the company | |

| Area | Content | Related GRI Standards | Reference to Statement of Non-Financial Information (page no.) |
|-------------------------------|--|--|--|
| | to respect for freedom of association and the right to collective bargaining; | | |
| | The elimination of discrimination in respect of employment and occupation; | 103-2 | |
| | The elimination of forced or compulsory labour; | 409-1 regarding to policies adopted by the company | |
| | The effective abolition of child labour. | 408-1 regarding to policies adopted by the company | |
| Corruption and bribery | Measures taken to prevent corruption and bribery; | 103-2, 102-16, 102-17, 205-3 | 1.6 'Prevention of and fight against money laundering' (p. 14) |
| | Measures to combat money laundering; | 205-2 | |
| | Contributions to foundations and non-profit entities. | 102-13 201-1 regarding to contributions to the community | |
| Social issues | Company commitments to sustainable development | | |
| | The impact of the company's activity on employment and local development; | 103-2 | 4.3 'Commitments to sustainable development' (p. 47) |
| | The impact of the company's activity on local populations and in the territory; | 103-2 | |
| | The relations maintained with local community actors and the modalities of dialogue with them; | 102-43 | |
| | Partnership or sponsorship actions. | 102-12, 102-13 | |
| | Subcontracting and suppliers | | |
| | The inclusion of social, gender equality and environmental issues in the procurement policy; Consideration in relations with suppliers and subcontractors of their social and environmental responsibility; | 103-2, 102-9 | 4.4 'Subcontracting and suppliers' (p. 50) |
| | Monitoring systems and audits and their results. | 103-2 | |
| | Consumers | | |
| | Measures for the health and safety of consumers; | 103-2 | 4.6.2 'Pharmacovigilance Systems' (p. 56) |
| | Complaint systems, complaints received and their resolution. | 103-2 | 4.6.1 'Quality Systems' (p. 55) |
| | Tax information | | |
| | Earnings obtained on a country-by-country basis; Taxes on profits paid | 103-2 | 4.5 'Group tax information' (p. 52) |
| Public subsidies received | 201-4 regarding to subsidies | 1.6 'Prevention of and fight against money laundering' (p. 14) | |