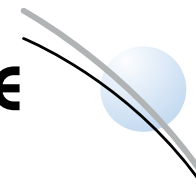




Dermapharm Holding SE



CSR REPORT **2022**

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Dermapharm's figures at a glance

Value creation and key figures of the Dermapharm Group

EUR million

| | 2020 | 2021 | 2022 |
|-----------------------------|----------------|----------------|----------------|
| Revenue | 793.8 | 942.9 | 1,024.8 |
| Cost of materials | 363.9 | 333.6 | 373.5 |
| Personnel expenses | 158.1 | 164.7 | 184.1 |
| Operating result | 136.9 | 298.5 | 243.7 |
| Financial expenses | 10.6 | 10.0 | 14.5 |
| Earnings before taxes | 125.3 | 293.0 | 216.3 |
| Income tax expenses | 39.3 | 84.0 | 83.7 |
| Dividend | 43.1 | 47.4 | 116.8 |
| Total assets | 1,224.4 | 1,407.0 | 1,412.8 |
| Equity ratio | 26.5% | 35.5% | 37.7% |
| Average number of employees | 2,311.0 | 2,373.0 | 2,563.0 |

Notice: For reasons of better readability, we refrain as far as possible from using both male and female forms of language in this report; for example, staff members always refer to both male and female persons.



Our products, as well as the way we do business, are designed to achieve several goals: ensure sustainable corporate growth, offer exceptional products to our customers, provide employees with the best possible working conditions and opportunities, act in an environmentally responsible manner, be among the market leaders in the relevant segments and work with a view to lasting profitability. For us, sustainability means offering the right products and services and protecting everyone's standard of living and quality of life.

Foreword

From left:
DR HANS-GEORG FELDMER
 Chief Executive Officer,
CHRISTOF DREIBHOLZ
 Chief Financial Officer and
 Chief Compliance Officer,
DR ANDREAS EBERHORN
 Chief Marketing Officer,
KARIN SAMUSCH
 Chief Business Development Officer



*Dear Ladies and Gentlemen,
 Dear Shareholders*

Dermapharm is a rapidly growing global pharmaceutical group with a history spanning more than 30 years. Our culture has always been oriented towards the Company's sustainable development. Our focus on innovation and premium quality makes effective and well tolerated products economical and bolsters our competitiveness and future viability. In keeping with the German Medicinal Products Act (Arzneimittelgesetz, "AMG"), Dermapharm considers it important to use resources responsibly, which is why we are continually improving our internal processes.

Our products, as well as the way we do business, are designed to achieve several goals: ensure sustainable corporate growth, offer exceptional products to our customers, provide employees with the best possible working conditions and opportunities, act in an environmentally responsible manner, be among the market leaders in the relevant segments and work with a

view to lasting profitability. For us, sustainability means offering the right products and services and protecting everyone's standard of living and quality of life.

We work daily to strike the optimal balance between economic, environmental and societal considerations. Large parts of the value chain are kept in house. Our local production creates jobs in Germany and Europe, enables a high degree of flexibility and short transport routes to our customers, and ensures top quality and our ability to deliver at all times. We are able to cut our energy use by improving the efficiency of our buildings and by replacing energy-intensive technologies. The expansion of the photovoltaic systems on the roofs of production and administration buildings is reducing greenhouse gas emissions. We also manage to save fossil fuels and improve biodegradability by effectively optimising packaging materials.

"A key and constantly evolving area of our business is phytotherapy, which is the use of medicinal plants to prevent and also treat illnesses and complaints. We process renewable resources of the highest quality to make the very best preparations that are free from harmful remnants."

Dr Hans-Georg Feldmeier, *Chief Executive Officer*

A key and constantly evolving area of our business is phytotherapy, which is the use of medicinal plants to prevent and also treat illnesses and complaints. We process renewable resources of the highest quality to make the very best preparations that are free from harmful remnants. Materials left over from the manufacturing process can be completely recycled, so this area of our pharmaceutical business is completely in line with the circular economy concept.

These examples highlight how Dermapharm's commercial activities have been geared towards sustainability for many years already, a fact which it has also publicly documented since 2018. We have already achieved a lot in the area of sustainability, but we want to continue to improve. We will also continue to provide detailed information and report transparently about all of these processes. In the future, however, we want to redouble our efforts to make communication systematic and broadly capture all relevant data.

In spite of our successful history, we are constantly faced with the challenge of ensuring that effective and attractive products are compatible with our responsibility to nature and society. We will continue to work hard on this in financial year 2023 and hope that you will stand with us as we set out to accomplish the tasks ahead.

Grünwald, March 2023

The Board of Management

Dr Hans-Georg Feldmeier
Chief Executive Officer

Karin Samusch
Chief Business Chief Business

Dr Andreas Eberhorn
Chief Marketing Officer

Christof Dreibholz
Chief Financial Officer
Chief Compliance Officer



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01 How sustainability is managed at Dermapharm

Business and business model

Dermapharm Holding SE is a rapidly growing manufacturer of branded pharmaceuticals for selected therapeutic areas in Germany. The product range covers prescription pharmaceuticals (Rx), over-the-counter (OTC) products, medical devices, food supplements and cosmetics. More than 70% of the German brand portfolio (by value) consists of original compounds which no longer enjoy patent protection and patent-free compounds for which there are few to no competitors on the market (excluding vaccine production in cooperation with BioNTech SE).

Founded in 1991, Dermapharm is based in Grünwald near Munich. The Group operates four of its own development centres and high-capacity production facilities in Europe, primarily in Germany – a clear reflection of its commitment to Germany and the country's reputation as a manufacturing powerhouse. Dermapharm produces more than 90% of its pharmaceuticals using its own resources at its own facilities.

mibe GmbH Arzneimittel ("mibe") is based in Brehna near Leipzig – one of the key manufacturing locations in Germany and the core logistics centre for the Group.

Dermapharm's proven expertise in product development enables it to develop, manufacture and market a wide range of branded pharmaceuticals based on formulations of active pharmaceutical ingredients that are no longer protected by patents.

As in the previous year, our portfolio comprises more than 380 active pharmaceutical ingredients covered by more than 1,200 marketing authorisations. Together with the growing portfolio of other healthcare products such as food supplements, medical devices and cosmetics, the Group offers a broad product range that makes Dermapharm unique and resilient to crises.

One of the Group's key strengths is the in-house product development, in-house production in accordance with the Good Manufacturing Practice (GMP) standard and distribution of pharmaceuticals and other healthcare products for specifically targeted markets by a medical and pharmaceutical sales force. Dermapharm's "Made in Germany" quality seal and an integrated business model have helped it to achieve a strong track record for developing and marketing new pharmaceuticals and other healthcare products. More than 750 (previous year: > 750) national and international marketing authorisations have already been obtained as a result of in-house research and development.

By ensuring that the entire value chain – from purchasing through production down to logistics and distribution – is covered in-house, Dermapharm is able to streamline internal processes. The resulting reduction in manufacturing and logistics costs boosts margins, and it also creates synergies for the Group.

The focus also lies on the attractive growth market for herbal pharmaceuticals and healthcare products, in which Euromed S.A. ("Euromed") has positioned itself as the market leader for the production and development of herbal extracts. Euromed's business is subsumed under the "Herbal extracts" segment, along with the pollen extraction activities of AB Cernelle ("Cernelle"), which was acquired in the previous year. In addition, this segment has been expanded to include C³ Cannabinoid Compound Company ("C³ Group"), which was acquired in January 2022. The latter is the market leader for medicinal dronabinol in Germany and Austria, with a focus on developing, manufacturing and marketing medicinal cannabis.

Moreover, since 2012, Dermapharm has also been operating an established parallel import business via the axicorp GmbH ("axicorp") subgroup. In terms of revenue, this business is one of the four largest parallel importers in Germany. The business involves importing originator pharmaceuticals from other EU Member States and reselling them to pharmaceutical wholesalers and pharmacies in Germany. axicorp benefits here from the different pricing structures in the individual EU member states.

Core values that guide how we do business

Key reasons for the Company's success are thoughts and deeds that align with the notion of sustainability. Doing business sustainably means acting in a way that seeks to balance the interests of all of the parties involved in and affected by a business process. Dermapharm accepts that it has a responsibility to society and helps to ensure that future generations are also able to live in an environment that is socially, economically and environmentally functional.

Dermapharm's main contribution to sustainability is the development and production of high-quality and affordable pharmaceutical preparations for maintaining, promoting and restoring health. Where technically feasible and legally possible, it also uses renewable resources and energy-efficient and low-emission production processes.

Material sustainability-related topics and reporting

The selection and importance placed on the topics addressed in this Sustainability Report (Non-financial Statement) are based on the materiality principle. To identify the topics of material importance, Dermapharm regularly analyses the experiences and findings of its employees in their everyday work, the outcomes of talks with other stakeholders (interest groups) and current market developments, particularly in the sectors in which business activities similar to our own are conducted. We also look at the results of our analysis of competitors and other comparable companies.

Three perspectives (dimensions) are relevant for assessing the significance of topics for the Company.

- / **Impact:** How significantly do Dermapharm's (business) activities with regard to the relevant sustainability matter affect the environment (inside-out view)?
- / **Business relevance:** How significantly does the relevant sustainability matter affect Dermapharm's performance from the perspective of the market and/or stakeholders (outside-in view)?
- / **Stakeholder relevance:** How important are Dermapharm's actions in relation to the respective sustainability matters for managing the expectations of stakeholders and influencing their decisions with regard to Dermapharm?

The answers to these questions provide useful pointers on the significance and therefore the materiality of the individual matters and topics to the way Dermapharm does business and how it conducts itself on issues of sustainability. The topics identified as material based on the above approach are included for discussion in this report.

The discussion of performance in terms of the achievement of sustainability goals includes all of Dermapharm's production facilities worldwide. The information and data has been organised based on the Global Reporting Initiative (GRI) disclosure scheme. The report also fully satisfies the requirements applicable to non-financial statements under § 315b and 315c in conjunction with § 289b to 289e of the German Commercial Code (Handelsgesetzbuch, "HGB") and Regulation (EU) 2020/852 of the European Parliament and of the Council. It therefore includes the information required under the German Act Implementing the CSR Directive (CSR-Richtlinie-Umsetzungsgesetz) on material environmental, employee and social matters, respect for human rights, anti-corruption and bribery matters.

Dermapharm uses key financial figures and performance indicators to monitor its operating business. There are currently no non-financial performance indicators of material significance

for the Company's business operations (§ 289c (3) no. 5 HGB). As a result, there is no direct connection between the amounts reported in the consolidated financial statements in accordance with § 289c (3) no. 6 HGB and the five non-financial matters (see table below) referred to in § 289c (2) nos. 1 to 5 HGB.

In accordance with § 171 (1) sentence 4 of the German Stock Corporation Act (Aktiengesetz, "AktG"), the non-financial statement was assessed by the Supervisory Board to assess whether it was lawful, proper and appropriate for its intended purpose. In accordance with § 317 (2) sentence 4 HGB, it was submitted to the auditor, but was not subjected to a substantive audit. Dermapharm is committed to ensuring transparency for its stakeholders and reports on all matters in its business and business environment that are relevant to sustainability.

Allocation of key areas of action

| Non-financial matters | HGB | Key areas of action | Section |
|----------------------------------|------------------|--|----------------|
| Environmental matters | § 289c (2) no. 1 | <ul style="list-style-type: none"> • Efficiency and energy consumption • Use of renewable energy • Use of renewable resources | 03 03 02 |
| Employee-related matters | § 289c (2) no. 2 | <ul style="list-style-type: none"> • Training and professional development • Occupational health and safety • Diversity | 05 05 05 |
| Social matters | § 289c (2) no. 3 | <ul style="list-style-type: none"> • The establishment of effective, well tolerated and affordable medicines • Highest quality standards and user safety | 02 02+03 |
| Respect for human rights | § 289c (2) no. 4 | <ul style="list-style-type: none"> • Respect for rights at work and human rights | 04 |
| Combating corruption and bribery | § 289c (2) no. 5 | <ul style="list-style-type: none"> • Compliance management | 06 |

Responsibility for sustainability within the organisation

At Dermapharm, the Company's entire Board of Management is responsible for sustainability-related matters and for the outcomes achieved. In addition, the CEO and the CFO head an ESG Committee (**E**nvironmental, **S**ocial, **G**overnance), the members of which also include managing directors and managers of different companies on an alternating basis. The Committee coordinates and decides on all material sustainability-related activities and measures at the Company.

Sustainability agenda

Like innovation and product quality, conservation and respect for workers' and human rights are guiding principles that underpin the way Dermapharm does business. In light of this, the sustainability agenda expressly includes work in the following areas:

Business performance.

Without economic success, it is not possible to implement even the best sustainability ideas in the long term. For this reason, revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA) at Dermapharm are key indicators of business success.

Energy efficiency.

Dermapharm is committed to continually reducing the Company's energy intensity in accordance with regulatory requirements within the bounds of possibility (see also section 03. Environment). Dermapharm also strives for efficiency as regards the quantity of fresh water and the amount of processed materials used. This leads to a decrease in the volume of waste produced. Dermapharm aims for a high rate of recycling in order to contribute to improving the circular economy.

Ensuring a high level of product safety.

Dermapharm places utmost priority on user and consumer safety. Exceptional product quality is consistently assured by means of strict certification schemes for, and the monitoring of, production and distribution standards.

Strengthening our workforce.

Skilled, motivated and healthy employees are key to Dermapharm's long-term success. In keeping with this idea, both current employees and talented new recruits should be continually convinced by what the Company has to offer. To this end, a series of initiatives has been introduced to create a supportive, safe and, above all, attractive work environment.

Refining internal rules, regulations and controls.

Our customers, suppliers, investors and other stakeholders place great trust in Dermapharm, which creates a sense of obligation but also provides motivation. In order to keep and further strengthen this trust, work is continually being done to further develop our internal policies. These include for example the Code of Conduct, the code of conduct for members of Arzneimittel und Kooperation im Gesundheitswesen e.V. (AKG), a leading association dedicated to promoting compliance in the pharmaceutical industry, and the declaration of conformity with the German Corporate Governance Code.



02 Segments and products

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02 Segments and products

Dermapharm focuses on three segments

With a consistent R&D strategy and numerous product and company acquisitions and by stepping up its internationalisation efforts, Dermapharm has continually expanded its business over the past 30 years and sought external growth opportunities in addition to organic growth. Dermapharm is firmly committed to continuing on this profitable growth course in the future.

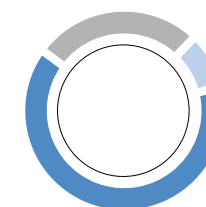
Dermapharm's operating business is divided into three segments: (1) "Branded pharmaceuticals and other healthcare products", which accounted for approximately 66% of revenue in 2022; (2) "Herbal extracts", which accounted for around 25% of revenue; and (3) the "Parallel import business", which accounted for approximately 9% of revenue. Dermapharm's product range includes pharmaceuticals, food supplements and cosmetics, both in liquid and semi-solid form. Their packaging is made of glass, cardboard and plastic. Certain parts of the primary and secondary packaging are recyclable.

Dermapharm Holding SE's integrated business model



By ensuring that entire value chain – from purchasing through production down to logistics and distribution – is covered in-house, Dermapharm streamlines internal processes and, furthermore, creates synergies for the Group.

Dermapharm at a glance



- Branded pharmaceuticals and other healthcare products
- Parallel import business
- Herbal extracts

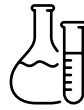
**MADE
IN
GERMANY**

90%

of branded pharma-
ceuticals are produced
in Germany

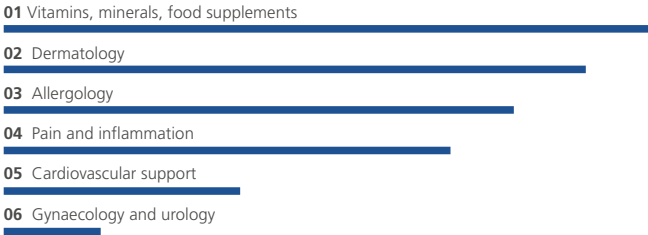


> 1,200
products



> 380 active
pharmaceutical
ingredients

Breakdown according to therapeutic areas



Note: Revenue excl. revenue generated abroad and vaccine production

Branded pharmaceuticals and other healthcare products

In the "Branded pharmaceuticals and other healthcare products" segment, Dermapharm has more than 1,200 marketing authorisations with more than 380 active pharmaceutical ingredients. Dermapharm's portfolio of pharmaceuticals, medical devices and food supplements are tailored to selected therapeutic areas in which the Company is a market leader, especially in Germany.

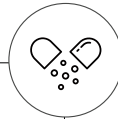
At the core of our activities, we partner with and advise doctors and pharmacists in the interest of patients – while ensuring compliance at all times. The Group's product portfolio covers a

broad spectrum of groups of active ingredients in varying dosage forms and strengths. This allows Dermapharm to offer bespoke therapeutic concepts for the widest variety of medical needs.

According to the market research firm INSIGHT Health, the Group is Germany's market leader for prescription dermatologics (based on the number of prescriptions written by doctors registered there) as well as for prescription vitamins (for instance with the vitamin D compound Dekristol® 20,000 IU). Dermapharm also has branded products in other selected therapeutic areas such as vitamins/minerals/food supplements, dermatology, allergology, pain and inflammation, cardiovascular support and gynaecology and urology. According to INSIGHT Health, certain products in these areas are also leading brands, such as Keltican®, Tromcardin®, Acicutan® and Ketozolin®.

Dermapharm's core business: Pharmaceuticals for therapeutic areas in niche markets

Vitamins, minerals, food supplements



Allergology



Cardiovascular support



Dermatology



Pain and inflammation



Gynaecology and urology



Selection of products for each therapeutic area

Herbal extracts

In the "Herbal extracts" segment, Dermapharm can tap the expertise of its Spanish subsidiary Euromed and the Swedish company Cernelle, a leading global manufacturer of standardised herbal extracts and plant-based active ingredients for the pharmaceuticals, nutraceuticals, foodstuffs and cosmetics industries. At the beginning of 2022, this segment was expanded to include the Germany-based C³ Group, which develops, manufactures and markets synthetic cannabinoids. C³ Group is the market leader for dronabinol in Germany and Austria. Alongside cannabidiol, which is known as CBD, delta-9-tetrahydrocannabinol, or THC for short, is one of the two principal active ingredients of the cannabis plant.

CERNELLE

The idea of using pollen extract for medicinal purposes has been around since the 1940s. In 1951, Swedish scientist Gösta Carlsson conceived a plan to pursue this idea commercially, and AB Cernelle was founded in 1953. Carlsson was convinced that purified pollen extract would be valuable for improving human health. The entrepreneur was the first in the world to succeed in extracting beneficial substances from machine-harvested pollen grains, and the first pollen extract product was launched in the market that same year.

The globally approved herbal pharmaceuticals Cernitol® Novum, Cernitol® and Cernilton®, which also include Cernitin™ pollen extracts, have proven successful, and it has been clinically proven that they effectively alleviate the symptoms caused by benign prostate enlargement, chronic prostatitis and chronic pelvic pain.

Cernelle has specialised facilities and equipment at its headquarters for extracting high-quality pollen and for manufacturing pure pollen extracts, which are classified as active pharmaceutical ingredients (APIs). In addition to the equipment needed for the extraction process, its facilities include dry production technology and a modern pollen laboratory.

The company is GMP-certified by the Swedish Medical Products Agency and is licensed to manufacture pollen extracts, tablets and powders. Cernelle has also been accredited by the



AB Cernelle building in Ängelholm, Sweden

Japanese health authorities as an "Accredited Foreign Manufacturer". The finished products are available in liquid and solid forms and are free from allergens.

Materials left over from the production process are almost completely recyclable, so only very small quantities end up as waste.

Cernelle has been part of an energy efficiency network for several years. Its main focus is to reduce energy consumption and CO₂ emissions. The measures adopted include, for example, using biogas instead of natural gas, monitoring electricity use, improving the efficiency of ventilation systems and switching to LED lighting. The production facilities are entirely powered using green power. During the course of 2023, a quarter of the electricity used by the Company will be generated by its own photovoltaic system.



In the "Herbal extracts" segment, Dermapharm can tap the expertise of its Spanish subsidiary Euromed and the Swedish company Cernelle, a leading manufacturer of standardised herbal extracts and plant-based active ingredients for the pharmaceuticals, nutraceuticals, foodstuffs and cosmetics industries.

EUROMED

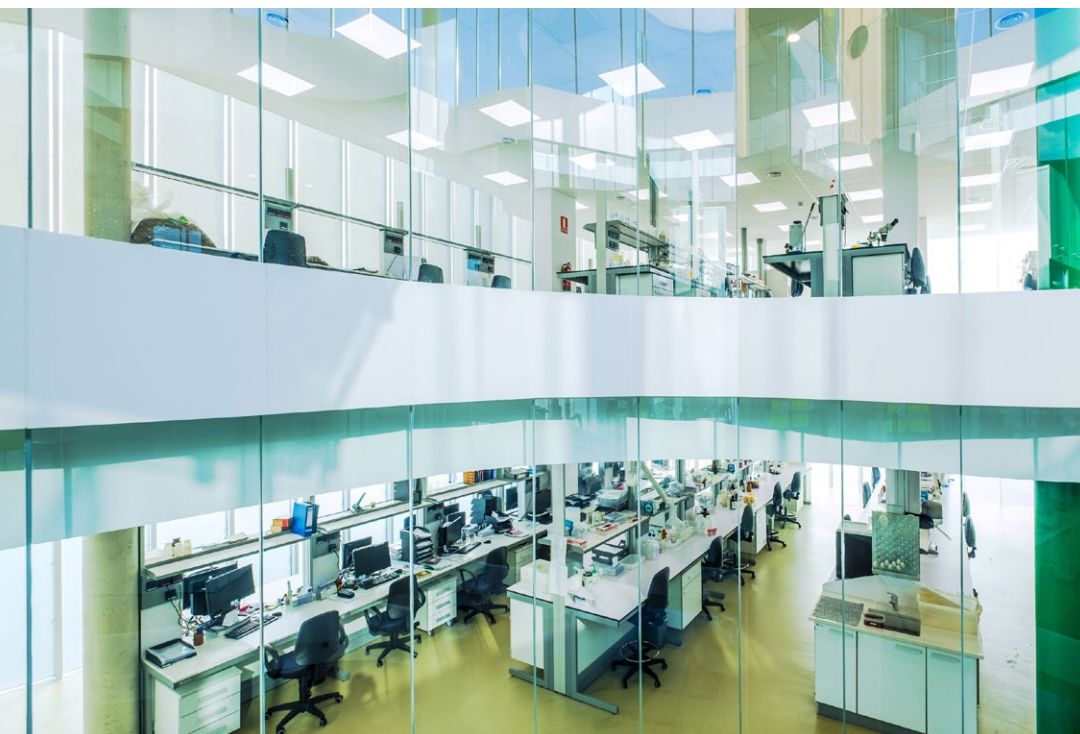
Founded in 1971 and a subsidiary of Dermapharm since 2019, Euromed is a leading manufacturer of standardised herbal extracts and natural active ingredients for the pharmaceutical industry, particularly the nutraceutical, food and cosmetics industries. Euromed extracts its active ingredients from fruits (such as figs, pomegranates, Japanese apricots and lemons) and special berries (such as blueberries, bearberries and grapes), plants that produce oil (particularly olive trees), culinary plants and herbs (such as garlic, turmeric, lemon balm, rosemary and cinnamon bark) and other types of trees, shrubs and herbs (such as maple trees, valerian, barberries, pine bark and willow bark).

Euromed strives to continually expand its product portfolio to include the largest possible selection of organic products, with the aim being to cement and expand its position in the pharmaceutical market as a leading manufacturer of herbal extracts and natural active ingredients. Europe is and remains Euromed's main market, but its presence particularly in North America and Asia is also stimulating growth.

Euromed exclusively buys organic raw materials from controlled cultivation, although organically farmed plants are prioritised. Euromed has its own plantations, but also buys from partners around the world whose production is monitored. Traceability is the key to a sustainable value chain. Euromed supports and invests in organic farmers who give priority to environmentally-friendly agricultural practices. As far as the latter is concerned, crop protection, soil fertility and the preservation of biodiversity and ecosystems play a key role in the context of climate change, product quality and traceability.



Euromed Innovation Center, Mollet del Vallès, Spain



Interior view of Euromed Innovation Center

The quality of the raw materials is critical for manufacturing premium quality extracts. Carefully selected suppliers comply with the Guideline on good agricultural and collection practices ("GACP") for medicinal plants. By integrating suppliers in the supply chain, Euromed is able to acquire, in a sustainable and traceable way, raw materials of the quality it needs in order to manufacture premium ingredients.

Sustainability is an integral part of Euromed's corporate DNA, and promoting a circular economy throughout the entire value chain is of central importance. With this in mind, Euromed invested further in its own production facilities in 2022 to increase its capacity to cover demand and to make its facilities even more efficient and sustainable: 100% of the electricity Euromed uses is generated from renewable sources, primarily from third party and its own solar systems. Euromed has installed solar panels on its buildings in Mollet de Vallès and Murcia, which are capable of generating more than 10% of all of the electricity consumed.

Euromed exclusively uses green power in order to improve and speed up its journey to a net zero carbon footprint, and at the same time it has adopted energy efficiency measures to reduce its consumption.

Euromed's operations largely depend on electricity and gas. A key goal is to purchase renewable energies as much as possible and reduce energy consumption in production by optimising the energy value chain faster. This is intended to be achieved through the implementation of energy efficiency measures and maximising the use of solar cells.

Targets have been set to substantially shrink the company's carbon footprint by 2030, and Euromed will monitor and review these targets over the coming years. The share of renewable energies as a percentage of the company's total energy consumption increased from 29% to 36% in 2022. Gas is the non-renewable form of energy consumed by Euromed. It is also critically important for the production part of Euromed's value chain. Various options and alternatives for reducing consumption are currently under review, for example the installation of a biogas boiler, which would substantially reduce gas consumption.

Water use is an essential part of Euromed's production process, enabling the manufacture of standardised solvent-free herbal extracts. Euromed has set itself the ambitious target of reducing water use by investing in various technologies such as a water processing plant, which will improve operating efficiency and at the same time reduce waste.

While complying with regulations and safety requirements, Euromed is working on several projects to reduce water use or reuse its waste water.

Euromed has committed to directing 100% of its biomass to the circular economy by 2030. Currently, more than 90% of biomass waste is reused for other activities such as animal feed, compost, clothes dying and other activities.

Euromed is also working on several circular economy initiatives involving recyclable, reusable or compostable packaging, which should be implemented over the coming years. Euromed also plans to recycle non-production waste in future.

It is working on ideas for reducing greenhouse gas emissions not only at its locations, but also in the area of logistics. The most important step in this context is to shift largely from air freight to sea freight, irrespective of occasionally time-critical biomass requirements. Euromed's goal is for air freight to be used for only 10% of product deliveries and raw material purchases by 2030, which will substantially contribute to reducing the company's carbon footprint.

An important element of a sustainable corporate culture is creating an inclusive working environment in which mutual respect and consideration go without saying and a sense of belonging is fostered. Euromed is careful to ensure that its employee body reflects the community in which the company does business. Equal opportunity, diversity and inclusion are therefore top priorities at the company. To round out Euromed's favourable sustainability profile throughout the entire value chain, Euromed also monitors compliance with workers' and human rights in upstream stages of the value chain.



Parallel import business

Dermapharm's business model also includes the "Parallel import business" segment that operates under the "axicorp" brand. In terms of gross revenue, axicorp was one of the four largest parallel importers in Germany in 2022, covering the majority of the prescription originator pharmaceuticals available on the German parallel import market.

axicorp imports originator pharmaceuticals from other EU Member States and resells them to pharmaceutical wholesalers and pharmacies in Germany. This enables axicorp to benefit from the different pricing structures in the individual EU member states. The business model is based on German legislative provisions, which provide that price differences within the European Union's internal market for prescription originator pharmaceuticals must be exploited in favour of Germany's statutory health insurance system. axicorp has the specialist expertise needed for procuring these pharmaceuticals from other EU Member States. The products are then manufactured in "axicorp's" own production facilities in accordance with the requirements of the German market. Product sales are driven by direct marketing activities carried out at the company's own call centre.

axicorp moved into a new production building at the beginning of 2022. The new building provides axicorp with state-of-the-art production, storage and administration facilities which met the energy standards currently in force (EnEV) in 2020, as well as featuring green roofing space over three-quarters of its roof. The usable floor area of more than 7,400 m² is spread over two floors of the operating facility and is designed to meet the latest energy standards.

It includes a photovoltaic system with nominal power of 99.18 kWp, a green roof space of 3,600 m² and a ventilation system with heat recovery. Energy demand is reduced by an air-to-water heat pump and a condensing gas boiler. Fresh water consumption will also be reduced by using rainwater from the roof to flush the toilets.



New axicorp building in Friedrichsdorf, Germany

Research & development

Research & development are an important growth driver for Dermapharm. New products "Made by Dermapharm" are the key to driving forward the Group's internationalisation and organic growth. Developing new products and applications is also fundamental to the future viability and organic growth of the Company. Dermapharm consequently targets its efforts on developing compounds in its core therapeutic areas using active pharmaceutical ingredients that are generally no longer subject to intellectual property rights.

However, Dermapharm is also investing in new patented therapies in the field of hyperthermic products. One example of this is the development of a medical device to treat itchy skin. In total, the Group operates four development centres: mibe F&E GmbH & Co. KG (mibe F&E) in Brehna focuses on pharmaceutical and analytical development and marketing authorisation for pharmaceuticals and cosmetics. mibe F&E serves as the primary location for the manufacture of investigational medicinal products. Allergopharma's research and development centre in Reinbek concentrates on further developing allergen immunotherapies. The focus of its efforts is on improving the existing product range, including clinical indications and application plans.

Anton Hübner GmbH & Co. KG (Anton Hübner) in Ehrenkirchen specialises in the development of medical science-based food supplements, substance-based medical devices and cosmetics. These also use herbal ingredients – giving rise to synergies with Euromed. The latter company operates a laboratory and innovation centre in Mollet de Vallès, Spain, that focuses on development and the scientific marketing of herbal extracts. As a supplier of medicinally active extracts, Euromed has to ensure that its products keep pace with current developments in science and technology at all times. Furthermore, Euromed concentrates on expanding its portfolio to include the development of new extracts and indications.

Dermapharm's more than 30 years' experience provides it with expertise in developing off-patent pharmaceuticals as well as a powerful network of development partners. Moreover, the Group has the necessary regulatory expertise in house in order to be able to carry out the authorisation process itself in Germany as well as in the EU. These broad capabilities mean that new developments can be launched and marketed in Germany and at the subsidiaries outside Germany.

Ensuring product safety

Dermapharm places the utmost priority on product quality. Drug safety and "pharmacovigilance" (efficacy and safety) are guaranteed by the application of numerous recognised production and distribution standards. The requirements for quality assurance of the production processes and environment in manufacture of pharmaceuticals and active ingredients for the purpose of a process review are set out by the European Commission in the principles and guidelines of the GMP standards for medicinal products for human use. Detailed guidance on interpreting these GMP principles and guidelines is published in the EU GMP Guide. The requirements apply without exception for compounds intended for human use.

All processes involved in the manufacture of healthcare products, and of pharmaceuticals in particular, are monitored by a Company-wide quality management system and are subject to strict regulatory control. Dermapharm also engages independent auditors to perform regular additional reviews of its products. We are certified in accordance with the applicable EU quality standards. The EU GMP guidelines lay down requirements to implement an internal quality management system, validate processes, provide regular training for personnel and subject premises and equipment to qualification. All process steps must be documented, transparent and verifiable at all times. The quality of the finished goods is documented by checking the end products.

High standards

Dermapharm applies the following good practices for the pharmaceuticals industry :

- Good Clinical Practice (GCP)
- Good Distribution Practice (GDP)
- Good Manufacturing Practice (GMP)
- Good Pharmacovigilance Practice (GVP)

0.003% complaint rate

previous year: 0.013%



Complaint rate for Dermapharm products

| | 2020 | 2021 | 2022 |
|--|---------|---------|---------|
| Share of product complaints in total sales | 0.013 % | 0.008 % | 0.003 % |

Introducing the standards described in production and sales proved successful. For instance, the rate of product complaints – to date due to packaging defects only, not defects in the products themselves – has declined significantly in the past three years, from 0.013% in 2021 to just 0.003% in the reporting period.

Ongoing product maintenance

Beyond production and sales processes, Dermapharm also monitors the composition of the products. It is standard practice to determine the current risk-benefit ratio of pharmaceuticals in line with the standards laid down by the EU for good pharmacovigilance practices. There cannot be a full understanding of how safe a pharmaceutical is at the time it first receives marketing authorisation. Continued use provides new insights into the safety of pharmaceuticals, as does medical research. The German Medicinal Products Act (Arzneimittelgesetz, "AMG") and the European regulatory system for medicines therefore require that new experience in the use of a pharmaceutical and new research results be collected and evaluated continuously following its marketing authorisation. This may lead to adjustments in composition, production, product description or directions for use in order to guarantee the highest quality at all times in line with current knowledge.

In addition, Dermapharm, as marketing authorisation holder and pharmaceuticals undertaking, is required to submit periodic safety update reports (PSURs) in accordance with § 63d AMG and Directive 2010/84/EU.

Protection against falsified medicines

Falsified medicines pose a risk to users, even if to date there have only been isolated cases of them being smuggled into the normal distribution of medicines in Europe. This is because there are already numerous measures in place to protect the distribution system. To even better secure the legal supply chain, an EU-wide IT security system was launched in 2019 that enables prescription medicines to be reverified for authenticity immediately before they are dispensed to patients. The German part of this system is operated by "securPharm", an organisation established by associations bringing together firms in the pharmaceutical industry (vfa, BPI, BAH), pharmaceutical wholesalers (PHAGRO) and pharmacists (ABDA) on the legal basis of the EU Falsified Medicines Directive.

It goes without saying that Dermapharm complies with all the requirements of the security system and applies safety features to all products concerned.



03 Environment

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03 Environment

When it comes to sustainability, pharmaceutical companies like Dermapharm tend to have a small footprint. Production is not excessively resource-intensive, although it does consume a certain amount of energy. As a highly efficient manufacturer of branded pharmaceuticals, Dermapharm therefore attaches great importance to making production as sustainable and environmentally friendly as possible. The options are limited, however, as European pharmaceutical legislation prescribes specific parameters for the manufacture of medicines. Within the limited scope, Dermapharm nevertheless strives to optimise its processes along the entire value chain because climate action and respect for human dignity are guiding principles that underpin how we do business.



Certification in accordance with
ISO 14001

Production process

As a pharmaceutical company, Dermapharm is committed to delivering the highest product quality in line with regulatory requirements and its own high standards. We ensure this level of quality through compliance with numerous audited and certified production and distribution standards such as the Good Pharmacovigilance Practices or Good Manufacturing Practices. Dermapharm's own locations cover almost the entire value chain for the manufacture of pharmaceuticals and healthcare products, with 15 production facilities in seven countries: Germany, Poland, Austria, Spain, Sweden, Vietnam and the USA. Important as it is, we aim for more than just product quality. Dermapharm can also deliver its products at practically any time, a unique selling point that has guaranteed almost universal product availability in recent years. Dermapharm has therefore demonstrated excellent performance in product availability as a result of proactive procurement and inventory processes.

The Company began to roll out the EMAS European eco-management scheme in selected subsidiaries in the 2022 reporting period (Regulation (EC) No 1221/2009). This includes defining specific environmental objectives and appropriate strategies to meet the objectives. EMAS includes all of the requirements of ISO 14001, the international standard for environmental management systems. The plan is to obtain this certification for subsidiary Anton Hübner for the first time in 2023. Once the experiences gained have been analysed, Dermapharm plans to roll out the certification at other locations in Germany. The Company has obtained multiple production certifications including ISO 14001 for Euromed's main production facility in Mollet de Vallès near Barcelona, which processes more than 5,000 tonnes of biomass into herbal extracts each year.

Energy consumption

Dermapharm needs energy primarily for production, for the operation and air-conditioning of buildings, and to maintain its vehicle fleet. The scope for optimising production processes is severely limited due to regulatory requirements. Where possible we use air circulation and multistage filter systems instead of external air, which can save a large amount of primary energy for heating and cooling. Real estate offers greater flexibility. Dermapharm's new buildings meet the energy efficiency criteria of the German Energy Saving Regulation (Energieeinsparverordnung, "EnEV") as a matter of course.

This is achieved by features such as effective thermal insulation, use of heat recovery systems in air conditioning, renewable thermal energy generation using an air-to-water heat pump and active night cooling. For example, ventilators are used on summer nights to draw cool outside air into the storage areas, eliminating the need for air conditioning systems that are expensive to install and power and enabling compliance with the statutory temperature limit of 25 degrees Celsius for storage of pharmaceuticals. In the interests of increasing biodiversity and improving insulation, the buildings are also fitted with green roofs. In the medium term, Dermapharm also plans to gradually implement an energy management system in line with ISO 50001 throughout the Group.

The key elements of Dermapharm's current energy management system are (1) steps to reduce energy demand while maintaining the same performance (increasing energy efficiency), (2) extensive use of renewable energy, (3) achieving constant supply security in terms of both price and quantity, and (4) avoiding dependency on a single type of energy or single supplier.

Energy consumption at the Dermapharm production facilities

| in millions of kilowatt-hours (kWh) | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|--------|--------|--------|--------|--------|
| Natural gas | 37.344 | 33.182 | 43.410 | 48.204 | 42.525 |
| <i>like-for-like*</i> | 37.344 | 33.181 | 37.010 | 42.268 | 38.215 |
| Electricity | 20.405 | 20.152 | 27.220 | 26.585 | 25.547 |
| <i>like-for-like*</i> | 20.405 | 20.152 | 21.209 | 20.386 | 20.374 |

* Only the sites included in the group of consolidated companies in 2018

Dermapharm achieves energy efficiency improvements, for instance by insulating storage tanks, replacing air conditioning units with high-efficiency machines that use speed-controlled turbo compressors, and using state-of-the-art energy-efficient devices that utilise waste heat from air compressors and air conditioners. All new and refurbished air compressors work with modern compressors and load-dependent control. Measurable positive effects are achieved by reducing the room temperature in buildings to the DIN norms and reducing air change rates when the buildings are not in use.

The current stage of climate change is reflected in Dermapharm's energy management, such as in the larger air conditioning units required for production and storage (investment) due to the increasingly warmer summer months which also require more energy to run (operating costs).



(Greenhouse gas) emissions

Dermapharm's business operations produce greenhouse gas emissions, particularly carbon dioxide (CO₂), through the use of natural gas and electricity. As a fossil fuel, gas will be superseded in the long term by other sources of energy, but it cannot be replaced in the short term. The use of electricity differs within the Group, with some subsidiaries having already fully transitioned to green electricity while other companies still use conventional electricity. However, Dermapharm is constantly working to increase the share of emission-free electricity.

The Company also initiated a range of measures to reduce greenhouse gas emissions in the reporting year: conventional heating systems were replaced with heat pumps, new cooling systems were brought online and photovoltaic systems installed on Company premises to generate emission-free electricity.

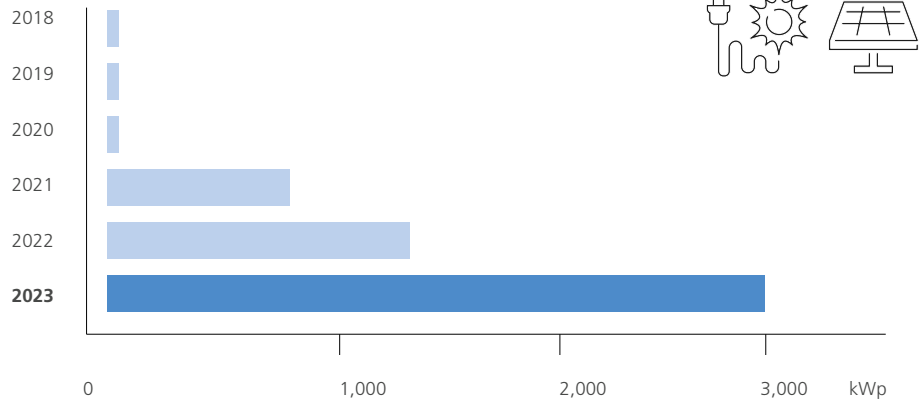
Dermapharm has been using photovoltaic systems to generate emission-free electricity since 2018, and is continually expanding its capacities. The specific yield added in the reporting year was 192 MWh. A further 1,430 MWh of power generation will be available in 2023.

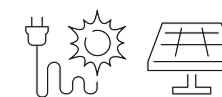
There are practically no emissions other than greenhouse gases – due on the one hand to the nature of the business, and on the other to the fact that waste air from (dust) polluted areas is always filtered. There were no known cases in the reporting year of incidents or damage caused by the release of hazardous substances into the air, soil or water.

Nominal output and yield of Dermapharm's photovoltaic systems

| At year-end | 2018 | 2019 | 2020 | 2021 | 2022 | 2023* |
|----------------------|------|------|------|------|-------|-------|
| Nominal output (KWp) | 50 | 50 | 50 | 805 | 1,334 | 2,901 |
| Specific yield (MWh) | 50 | 33 | 50 | 730 | 1,379 | 2,809 |

* Under construction/in completion





axicorp photovoltaic system,
Friedrichsdorf



Photovoltaic system at the main
manufacturing facility in Brehna,
mibe GmbH Arzneimittel

Water use

The volume of fresh water required for production purposes is obtained exclusively from the public supply network. The water is drawn predominantly in regions that are not suffering from a particular water shortage. The amount used depends heavily on the scope of production.

We also use water for cooling purposes – for example, well water is used for process cooling at our subsidiary Hübner Naturarzneimittel GmbH (Hübner). This serves to reduce carbon emissions, as no primary electricity is required for the cooling process. The heated well water is added to waste water without any further contamination.

The volume of water otherwise needed in administrative and sales buildings is negligible in comparison, and is similar to typical household usage.

The discharge of waste water from production into the public sewer system is closely monitored and is regulated in terms of composition, i.e. pollution. Dermapharm does not generally discharge biologically highly incompatible substances. Fats alone could cause problems in the sewer system, however they are removed from the water using a fat separator before it leaves the facilities, and disposed of appropriately.

All rainwater that falls at mibe GmbH Arzneimittel is collected and allowed to drain into the ground via seepage tanks, as the hydrological conditions in the area are very difficult. The lessons learned from using this solution could also be transferred to the extension of the existing business park. This makes an effective contribution to groundwater recharge in a dry region and increases the area's flood protection.

Water use and waste water generation at Dermapharm production facilities

| in cubic metres (m³) | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------------|---------|---------|---------|---------|---------|
| Volume of fresh water consumed | 149,197 | 159,416 | 177,011 | 193,716 | 182,014 |
| <i>like-for-like*</i> | 149,197 | 159,416 | 139,914 | 163,163 | 162,931 |
| Volume of waste water discharged | 111,971 | 111,136 | 133,000 | 163,249 | 141,781 |
| <i>like-for-like*</i> | 111,971 | 111,136 | 95,900 | 132,696 | 122,698 |

* Only the sites included in the group of consolidated companies in 2018

Waste

Dermapharm works continually to reduce the amount of waste it produces and to improve the recycling options for residual materials. Its efforts include avoiding product complaints, for instance due to incorrect packaging, because returned medicines cannot be repackaged and must be disposed of. The steps taken in recent periods have been successful, with a significant downward trend in the quantity of residual materials, which has dropped by around 40% since 2019 (not including the companies acquired during that time).

All materials used by Dermapharm, their handling and environmentally appropriate disposal are described in detail in risk assessments. The Company's waste management officer monitors the types and volumes of residual and waste materials closely. Hazardous materials are subject to specific requirements regarding handling and disposal, and are subject to separate organisational recording.

The waste produced has been subject to certain fluctuations over the years. For instance, the waste figures for 2018 and 2019 were affected in particular by the significant increase in paper and cardboard waste at subsidiaries (Biokirch and Strathmann), since large quantities were removed from the storage facilities and archives at these companies during relocations. The higher volume of waste in 2021 was due in large part to the increase in production activities by our subsidiary Euromed and the resulting increase in waste quantity. The decline in 2022 was due to the increased production in safety stock in 2021 and changes to Euromed's product mix in 2022. As a manufacturer of standardised herbal extracts for the pharmaceuticals and cosmetics industries, Euromed accounts for the largest share (75%) of total waste produced by the Group. Some of the waste is used as animal feed, and as much as possible of what remains is composted.

In many areas, Dermapharm has already made optimal use of the leeway available to it outside of what is regulated by law, and it currently has few options left to achieve a further significant reduction in waste generated. What matters is to apply a range of different actions to achieve measurable effects overall. These actions include replacing plastic bubble wrap in product packaging with a wrap made of potato starch that is easily compostable.

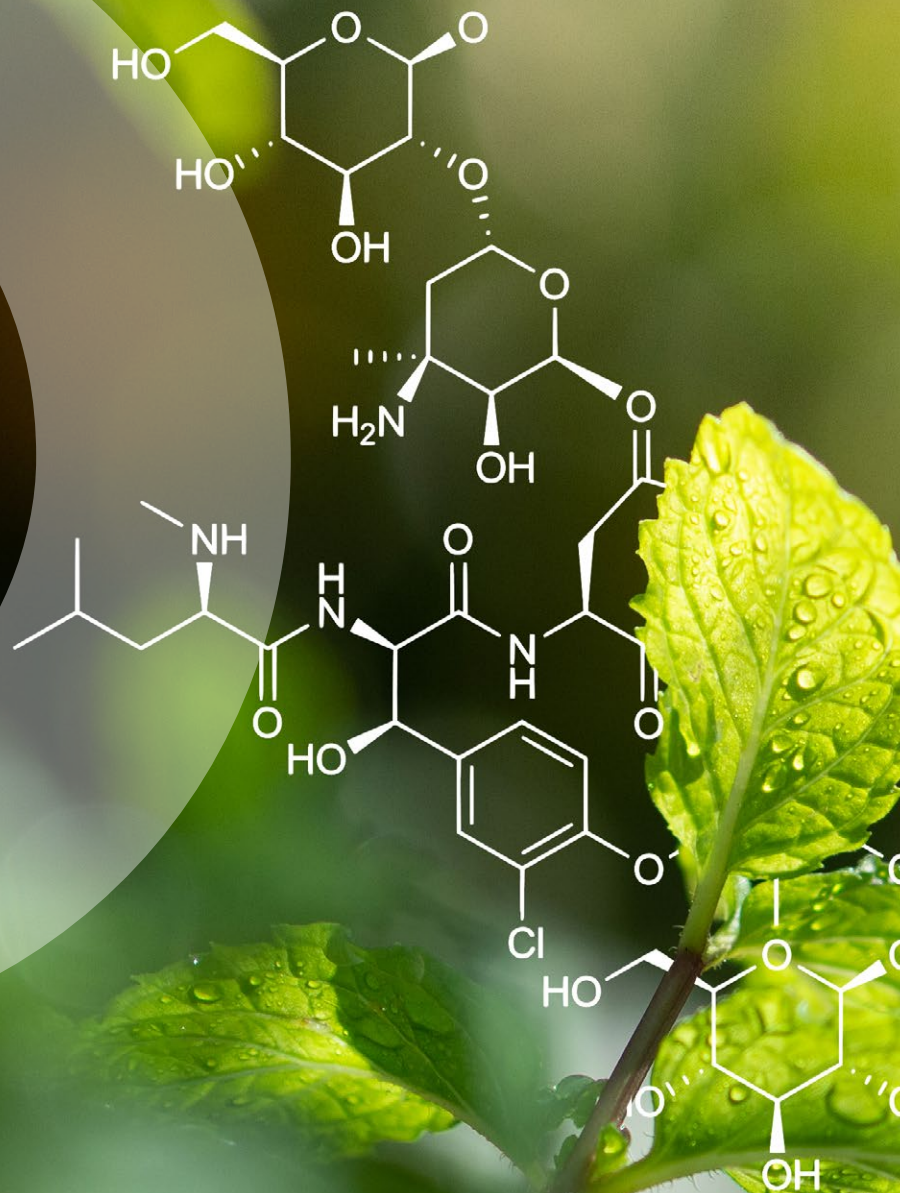
Waste produced at Dermapharm production facilities

| in tonnes | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------|-------|-------|-------|-------|-------|
| Volume of waste | 6,606 | 8,222 | 5,737 | 6,148 | 5,086 |
| <i>of which non-hazardous waste</i> | 6,389 | 8,074 | 5,539 | 5,957 | 4,943 |
| <i>of which hazardous waste</i> | 217 | 148 | 198 | 191 | 143 |
| Volume of waste water discharged | 6,499 | 8,220 | 5,320 | 5,805 | 4,697 |
| <i>of which non-hazardous waste</i> | 6,346 | 8,074 | 5,142 | 5,641 | 4,577 |
| <i>of which hazardous waste</i> | 153 | 146 | 178 | 164 | 120 |

In addition, cardboard packaging in storage facilities and in packaging at the main manufacturing facility in Brehna is reused, i.e. boxes and lids are used multiple times in the billing process, and are used again to transport packaged products to other departments.

Biodiversity

Dermapharm operates production facilities in designated industrial zones only. The Company does not have any sites in nature conservation areas. No biologically incompatible emissions are released. As such, Dermapharm does not cause any effects that are detrimental to biodiversity. On the contrary, it has replaced grass areas with summer flowers at various sites, planted a range of edible plants and fruit trees and established bee colonies.



04 Supply chain

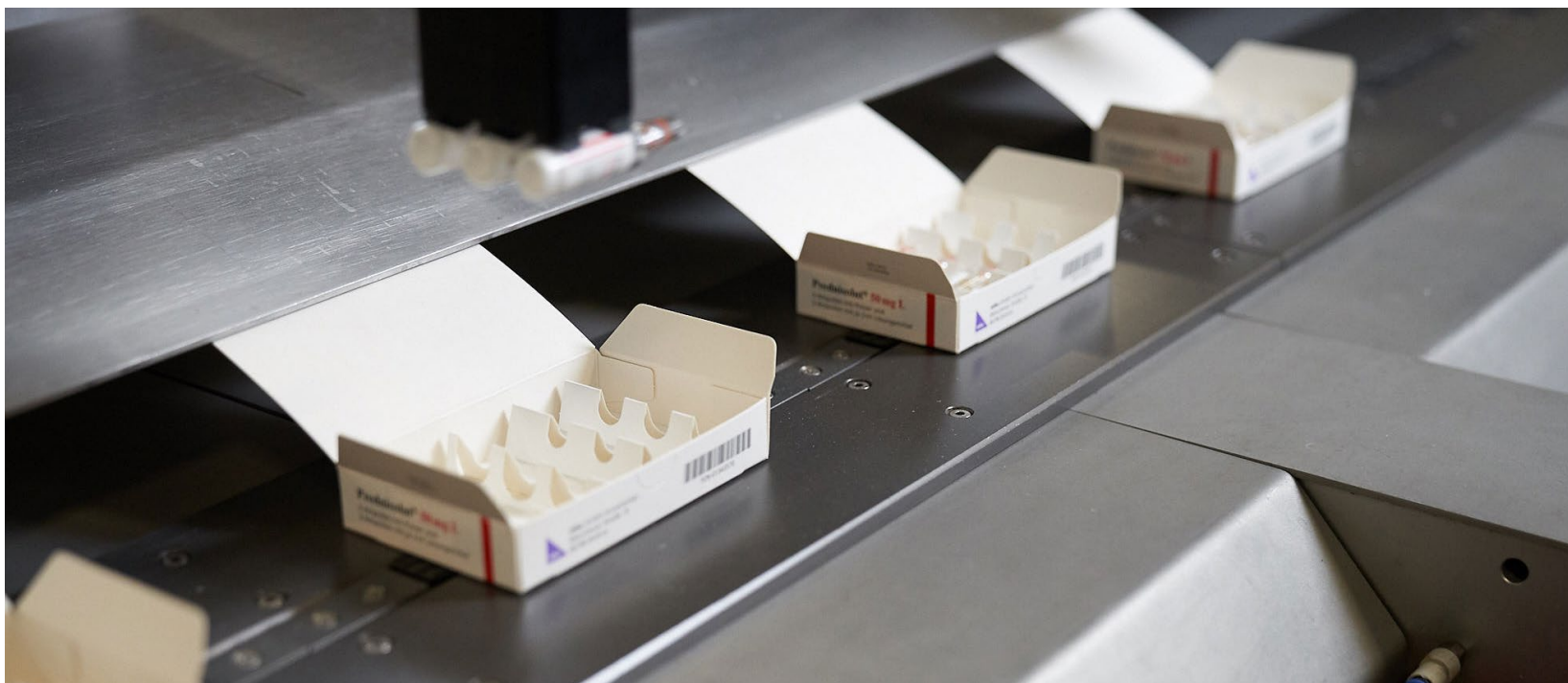
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Materials management _____ 34

04 Supply chain

Dermapharm attaches great importance to a sustainable supply chain. Although certain manufacturers and suppliers, for instance those of active ingredients, are specified in the marketing authorisation of products, Dermapharm is as vigilant as it can be about the use of renewable resources, the purchase of non-critical materials, humane working conditions in the upstream production stages and environmentally friendly logistics. The Company has control over other parts of the supply chain, and sources predominantly raw materials, with very few

precursors. The compounds produced by Dermapharm are generally analysed throughout the entire life cycle, from obtaining the raw materials, through production, right down to the metabolised products leaving the human body, as part of the marketing authorisation and environmental risk analysis. Dermapharm identifies potential for improvement from these analyses.



Packaging line at the main manufacturing facility in Brehna

Monitoring

Dermapharm reviews the performance and sustainability profile of every supplier against the criteria of product quality, price, delivery reliability and compliance. In addition to product-related data, this also includes compliance with rights at work and human rights. The review is conducted by means of a survey or special audits at the manufacturers, and also includes comprehensive compliance questionnaires. For instance, water-intensive products are not sourced from regions suffering from water shortages, nor are products purchased from suppliers suspected of using child or forced labour.

These processes comply with the requirements of Dermapharm Group's purchasing and quality assurance departments. The procedure is governed in specific instructions such as policies and standard operating procedures (SOPs) (e.g., rules of purchase), and also meets the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, "LkSG"). Dermapharm takes great care to ensure that there are no human rights violations anywhere in the supply chain.

Where possible, it obtains the required materials from more than one source to avoid dependencies. Although there is definitely an element of dependency on certain raw materials in product formulations because substitutions are not permitted, the Company follows a "two source policy" whenever possible to avoid dependency on a single supplier even in tight markets.

Dermapharm outsources individual production stages to third parties in exceptional cases, such as when it does not have specialist technologies in-house. The Company takes just as much care to ensure adherence to the required quality standards in the supply chain in these cases.

Materials management

Dermapharm can use renewable or recycled resources to only a very limited extent for pharmaceuticals due to the statutory requirements. Choices for packaging, for example, are limited (recycled aluminium for tubes or cardboard for boxes). Emphasis is also placed on short transport routes in material procurement, where the regulations permit. Dermapharm operates a central logistics centre for branded pharmaceuticals and other healthcare products, thereby utilising synergies in dispatching products from its various subsidiaries.

Before they receive marketing authorisation, developed compounds are subject to an environmental risk assessment that examines the product's impact on the environment (origin of the materials, production, logistics and application). Dermapharm therefore assesses every preparation for its hazard potential as part of environmental risk management.

The raw materials used by subsidiaries Cernelle and Euromed are sourced entirely from controlled cultivation, often based on organic criteria. Dermapharm takes care to ensure optimum quality in this regard. Almost all of the residual materials from the production process can be recycled.





05 Employees

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05 Employees

The knowledge, satisfaction, commitment and motivation of Dermapharm's employees are key to business growth. The Company therefore pursues a sustainable corporate culture, creates a pleasant working environment, provides fair remuneration, and fosters the individual talents of employees through dedicated programmes and initiatives.

Training and professional development

Successful HR work results from bringing together individual disciplines. Dermapharm places great emphasis on employees' training and professional development and the development of talented individuals whose potential and skills are of great value to the Company. This includes both general qualification and professional development programmes and individual talent management.

In Germany, Dermapharm provides training for its employees from all areas of the Group – even going beyond its own needs. In 2022, 56 young people (previous year: 51) received training in the professions of pharmacist, chemical laboratory technician, industrial business management assistant, machine and equipment operator, media designer, cook, IT specialist and specialist for warehouse logistics.

A total of ten trainees transitioned to employment in financial year 2022 (previous year: 16). In order to attract skilled employees in the long term, Dermapharm also takes a systematic approach to training its own workforce. Uniform quality standards throughout the Group align the programmes to the specific needs of individual employees.

In addition, dual courses of study, graduate theses (bachelor's, master's, doctorate) and master craftsperson programmes are promoted in order to ensure a diversified and targeted recruitment strategy. In 2022, a total of 22 students completed their bachelor's or master's thesis while working at Dermapharm (previous year: 47). The Company grants scholarships to top-performing students at Martin Luther University Halle-Wittenberg.



56 trainees
at the Group

previous year: 51



22 Bachelor's or
Master's graduates

previous year: 47



A comprehensive education and training programme is available for production staff. The further training opportunities offered both internally and externally include topics such as general hygiene and occupational safety, but also training on equipment and machinery. Regular specialist training courses are offered to employees who work in product development.

Dermapharm supports its employees in developing their personal strengths and tapping their full potential (employee development). A talent pool creates the organisational conditions to prepare talented employees to take on roles with even greater responsibility. A detailed personal development and education plan is devised for talented employees for this purpose that includes attending internal and external seminars and educational events. Taking part in the trainee and management programmes provides employees with additional opportunities to gain new skills.



Active employee training

The idea of ensuring employee development regardless of when or where it takes place is growing in significance. Consequently, in September 2020, the Company launched Dermapharm eCampus, its own internal training platform, at its sites in Grünwald (headquarters) and Brehna (largest production site). In doing so, we have not just expanded the existing training and education opportunities on offer to our employees but have also laid the foundation to make established training initiatives (including in-person training) more efficient to implement and easier to document.

Dermapharm eCampus was used by just under 500 active employees at six Group sites in 2022. The online courses cover regulatory topics (such as data protection, compliance, occupational health and safety, information security) and specialist subject areas (such as drug safety and product-specific training courses). The training and education available through Dermapharm eCampus is continually expanded and is gradually being rolled out to all Group locations. In addition, all employees already have access to specialist training courses offered by the BPI eCampus, the online training portal of the German Pharmaceutical Industry Association (Bundesverband der Pharmazeutischen Industrie e.V., "BPI").



Flexibility and communication

Whenever possible, Dermapharm aligns work processes to the individual needs of its employees. This may mean flexible working models, mobile working or part-time work. Mobile working is also a better and more flexible way to achieve a work-life balance. Employees can also consult the company physician, including on family issues.

There are flexible working models tailored to blue-collar workers and salaried employees. Mothers of young children who originally signed a regular shift work contract can agree day shift models. Establishing annual and monthly working hours accounts generally enables employees to strike a balance between their personal affairs and duties at work. Dermapharm also offers bespoke solutions to cater to employees who care for relatives. These include the opportunity to take special leave, establish care-giving hours or take a sabbatical.

The statutory regulations regarding parental leave apply, and the Company always tries to accommodate employees' individual requests as well. Many Dermapharm employees take parental leave, and around 90% of them return to work. Women currently take more parental leave than men, with an average two-year absence from work. Men are increasingly taking parental leave, but are absent for an average of just two months. All staff with children are entitled to return to a full-time position and have preferential holiday planning.

Dermapharm strives to treat its employees in an open, honest and respectful manner. People are at the heart of our business. With this in mind, the Company promotes employee-based communication. Professional development requests are also discussed in the annual employee appraisals. Dermapharm provides timely and comprehensive information to its employees on matters and developments relevant to them, and on business performance.

Competitive and fair salaries

Dermapharm's remuneration policy is based on the relevant industry-wide collective agreements. As well as the base salary, we provide employee benefits (end of year bonus, holiday bonus, payments to employees' capital-forming savings schemes, occupational pension schemes in the form of direct insurance) and – if business is good enough – pay out bonuses to certain employees for achieving collective or individual targets.

In addition to the financial benefits and the various training and development opportunities it offers, Dermapharm sets great store in providing employees with a modern and social working environment.

The largest sites feature social facilities and some have their own on-site restaurants offering subsidised prices for employees. Furthermore, hot drinks and water are generally free of charge and available to every employee at every workplace.

Dermapharm only enters into a limited number of temporary and fixed-term employment agreements. The vast majority of employees are permanent staff. In 2022, the proportion of fixed-term employment agreements within the Group was 12.2% (previous year: 10.2%). The proportion of part-time positions was 14.7% (previous year: 14.1%).



12.2% proportion of fixed-term employment agreements

previous year: 10.2%



Health and occupational safety

The health and safety of its employees is a top priority for Dermapharm, and it strives to minimise potential risks to health and safety as far as possible. Dermapharm's subsidiary Trommsdorff GmbH & Co. KG made the explicit addition of occupational health and safety to its Quality Management Manual in 2021. Subsidiary mibe GmbH Arzneimittel followed this example, and with assistance from within the Group and from third parties, formed a project group to develop a DIN ISO 45001-based occupational health and safety management system that was introduced in Brehna in 2022.

Although the occupational health management system already covered workplace health and safety, these issues were expanded in many areas. For instance, accident monitoring at the Brehna site was improved through the introduction of a centralised "first-aid log" that also included smaller injuries, thereby helping to identify accident locations and make them safer. Our objective is to improve accident monitoring throughout the Group. The aim is to use the findings from close monitoring of accidents to improve workplace safety and prevent accidents. The expanded occupational health and safety concept will also be rolled out at additional companies.

At many locations Dermapharm offers employees both individual consultations and an extensive programme of health and sports activities. Examples include preventative courses such as yoga, autogenic training, back therapy sessions, progressive muscle relaxation and company sports competitions such as corporate runs or football and volleyball tournaments, as well as special courses for pregnant women.



13.7 1,000-man ratio

previous year: 13.3

All new hires or internal transfers receive training on product and service safety. This regular training is provided to all employees every three years. In 2022, there was a total of 35 reportable workplace accidents with lost time of three or more days. This corresponds to a rate of 13.7 per thousand employees. In 2021, there were 31 accidents and a rate of 13.3 per thousand employees. As in the previous year, there were no fatal workplace accidents at Dermapharm.



Workplace safety should be guaranteed in appropriate SOPs, manufacturing instructions, training courses and operating directives. An occupational safety officer and an EHS officer (environment, health and safety) assess processes and take corrective action where necessary. They analyse work-related accidents and identify potential improvements.



Company physicians as a central point of contact

Together with the occupational health centres at the respective locations, Dermapharm carries out and evaluates health-related measures that are specifically tailored to the business and its employees. The occupational health centres fulfil the mandatory occupational health tasks in accordance with § 3 of the German Occupational Safety Act (Arbeitssicherheitsgesetz, "ASiG") and DGUV. The centres function as a first point of contact in issues relating to health and safety. They provide consultation, regular occupational health examinations and special health initiatives (such as flu vaccinations), welfare and return-to-work interviews and workplace inspections.

In addition to all examinations required by law and the employers' liability insurance association, the focus of occupational healthcare and prevention is on individual information and advice. This is always carried out in accordance with the ASiG and all valid GMP (Good Manufacturing Practice) requirements. In addition to fixed consultation hours, employees are also offered flexible appointments for examinations.

The main topics covered as part of these consultation services are prevention of chronic occupational illnesses and planning and designing safe workplaces. Dermapharm subsidiary Allergopharma has its own ergonomics laboratory where optimal workplace conditions for office workers can be tested. The Group's company physicians are also a point of contact for employees with suspected psychological or addiction problems.



Strength in diversity

Dermapharm considers diversity to be the foundation of its corporate culture, and therefore takes care to ensure that the workforce is sufficiently diverse. Employees should be able to integrate without compromising their identities, to harness their strengths and engage in personal development. Dermapharm has a policy of zero tolerance for all types of discrimination or prejudice based on an individual's age, origin, gender, sexual orientation, skin colour or religion, and this is laid down in our Code of Conduct. Cases of discrimination can also be reported anonymously.

This approach results in a multicultural and diverse working environment in which the varied educational backgrounds of the employees in the individual teams also ensures a first-rate working atmosphere and forms the basis for the Group's business success. With a balanced age structure (average age in 2022: 43.5 years) and a staff turnover rate of 9.7% (previous year: 12.8%), Dermapharm considers itself well placed to face future challenges.



9.7% turnover rate

previous year: 12,8 %

Diverse workforce as a success factor

A diverse corporate culture is key to business success. And diversity is not limited to gender or sexual orientation: most importantly, it also includes criteria such as personal beliefs and ideology, professional and life experience, skills, personal strengths and educational background.

The proportion of women across the Group amounted to 57.9% in 2022 (previous year: 58.4%). The figure was 40.7% in the first level of management and 49.3% in the second level of management. Across both levels, 46.7% of all managerial positions were held by women (2021: 47.5%). Dermapharm has therefore already exceed its internal targets for the proportion of women in the first and second levels of management (35% in each case).

By setting up accessible workplaces, Dermapharm is also laying the groundwork to further increase the proportion of employees with disabilities at the Company. This figure for the Group declined slightly year on year in 2022, from 2.6% to 2.4%.



57.9% proportion of women

previous year: 58.4%





06 Corporate Governance

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06 Corporate Governance

Trust and integrity are among the most important of the values that underpin Dermapharm's corporate culture and lay the groundwork for the Group's success. It has therefore established strict corporate governance and compliance policies aimed at ensuring that all employees conduct themselves responsibly, in accordance with the corporate values and in compliance with the law at all times.

Code of Conduct and compliance

Dermapharm has developed a binding Code of Conduct and a Compliance Manual for the whole Group covering all issues relevant to Dermapharm. They also define fundamental standards of conduct for dealings with customers, suppliers and employees. Focal points include avoiding conflicts of interest, bribery and corruption, money laundering and terrorist financing, unfair competition, insider trading and market manipulation, and damage to company property.

All staff receive regular training on compliance issues, taking into account any areas of risk. The training is provided on site and digitally via the Dermapharm eCampus e-learning platform, and the Compliance department is also available to answer questions. Employees can access the latest valid version of the policies at any time. New joiners are provided with the relevant policies on their first day at work.

Dermapharm has a whistleblower system in place for reporting violations of Group policy. Several reporting channels are available: a "compliance helpline", an e-mail address for each subsidiary, a postbox for submitting anonymous reports by post, and two ombudspersons. The channels and current contacts are provided in the currently valid version of the Compliance Manual.

No significant compliance violations came to light in the 2022 reporting period.

Data protection

Dermapharm has drawn up comprehensive data protection guidelines that set out the principles, organisation, duties to data subjects and the distinction from information security. The data protection officer is responsible for monitoring compliance with the rules.

IT security

The Dermapharm Group has a centralised department to ensure the security of information technology (IT). The internal rules on securing all systems are based on the requirements of ISO 27001 (Information security management systems – Requirements) and of the German Federal Office for Information Security. Dermapharm uses a multilevel security approach that has thus far prevented unauthorised access to the Group's networks, data leaks and damage to the IT infrastructure.

Integrity

Dermapharm does not exert any influence over political decision-making processes (lobbying) and prohibits any form of "facilitation payments". Nor does it participate in any cartel agreements. However, Dermapharm makes donations to selected social organisations and educational institutions without political ties. The Company also provided financial and material support to Ukraine in the reporting period. No donations are made to political parties.

Company suggestion scheme

Each and every employee can make suggestions or contribute ideas about how to further optimise day-to-day operations. A key tool here is the company suggestion scheme. Online or off, employees can submit ideas about how to improve processes and play an active role in doing so. All suggestions are analysed, evaluated and rewarded. A total of 83 suggestions were submitted over 2022 as a whole, just under 31% fewer than in 2021 (122 suggestions).



Transparency

Dermapharm pursues an open and transparent communication policy towards its capital market audience. The Company publishes comprehensive and timely corporate communications on all important events, including financial transactions, takeovers and personnel changes, while endeavouring to consider the interests of all stakeholder groups. Sustainability issues play an increasingly important role in Dermapharm's communications, and sustainability reporting will be gradually expanded in both breadth and depth over the coming years.





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EU taxonomy

The EU taxonomy is a classification system developed by the European Union (EU) that defines economic activities as environmentally sustainable based on certain prescribed criteria. The aim of the EU taxonomy is to promote investment in businesses with environmentally sustainable activities. The EU taxonomy is designed to help implement the European Green Deal, in particular achieving carbon neutrality in the EU by 2050.

As a Company required to publish a non-financial statement in accordance with § 289b (3) and § 315b (3) of the German Commercial Code (Handelsgesetzbuch, "HGB"), Dermapharm is reporting – pursuant to Article 8 of the Taxonomy Regulation (EU) 2020/852 of 18 June 2020 and the supplementing delegated acts – the proportion of its turnover, capital expenditure and operating expenditure for reporting year 2022 that is taxonomy-eligible and taxonomy-aligned regarding the environmental objectives climate change mitigation and climate change adaptation.

Dermapharm identified the following economic activities within the meaning of the Taxonomy Regulation in its business model in the reporting year as eligible in connection with the first two environmental objectives, climate change mitigation and climate change adaptation: "4.1 Generation of electricity using photovoltaic systems". The activities in Dermapharm's core business (pharmaceuticals, food supplements and pharmaceutical compounds) are not covered by the EU taxonomy.

An activity is considered eligible pursuant to Article 3 of Regulation (EU) 2020/852 if it contributes substantially to one or more of the environmental objectives: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. Aside from making a substantial contribution, the activity must not significantly harm any of the environmental objectives (DNSH principle, "do no significant harm") and must comply with the minimum safeguards such as rights at work and human rights.

Due to the insufficient definitions currently provided by the European Union (EU) and the many unclear formulations, application of the EU taxonomy in some areas requires the companies involved to make their own interpretations. Dermapharm has taken all relevant documents published by the European Commission into appropriate consideration in this regard.

Dermapharm concluded as a result of this analysis that none of its core business activities are taxonomy-eligible and therefore that it does not currently perform activities that generate turnover within the meaning of the EU taxonomy. Following an appropriate review of all investments (relating to the environmental objective of climate change mitigation), Dermapharm identified the purchase of solar and photovoltaic systems with an investment volume of EUR 1.2million as capital expenditure within the meaning of the EU Taxonomy Regulation (as additions to property, plant and equipment and intangible assets that contribute substantially to climate change mitigation and climate change adaptation). The assessment of compliance with minimum safeguards was performed at Group level and included Company policies and risk management procedures relating to compliance (human rights, rights at work and exclusion of corruption). After appropriate analysis, Dermapharm classified the expenditure not eligible for recognition involved with this investment as insignificant.

Dermapharm's economic activity within the meaning of the EU Taxonomy Regulation: [Turnover](#)

| Year | Turnover | | Substantial contribution to EU environmental objectives* | Significant harm to other EU environmental objectives** | Minimum safeguards *** |
|----------|-------------|-------------------|--|---|------------------------|
| | EUR million | Taxonomy-eligible | Taxonomy-aligned | | |
| 2022 | | | | | |
| Turnover | 1,024.8 | 0.0% | 0.0% | | |

* Climate change mitigation; climate change adaptation

** Sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; protection and restoration of biodiversity and ecosystems

*** Guaranteed compliance with minimum safeguards relating to rights at work and human rights

Dermapharm economic activity within the meaning of the EU Taxonomy Regulation: [Capital expenditure](#)

| Year | | | Substantial contribution to EU environmental objectives* | Significant harm to other EU environmental objectives** | Minimum safeguards *** |
|---------------------|-------------|-------------------|--|--|--|
| | EUR million | Taxonomy-eligible | Taxonomy-aligned | | |
| 2022 | | | | | |
| Capital expenditure | 114.8 | 1.0% | 1.0% | The review of economic activities did not identify any violation of EU objectives. | The minimum safeguards were ensured for all economic activities. |

* Climate change mitigation; climate change adaptation

** Sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; protection and restoration of biodiversity and ecosystems

*** Guaranteed compliance with minimum safeguards relating to rights at work and human rights

Dermapharm economic activity within the meaning of the EU Taxonomy Regulation: [Operating expenditure](#)

| Year | OpEx | | Substantial contribution to EU environmental objectives* | Significant harm to other EU environmental objectives** | Minimum safeguards *** |
|-----------------------|-------------|-------------------|--|---|------------------------|
| | EUR million | Taxonomy-eligible | Taxonomy-aligned | | |
| 2022 | | | | | |
| Operating expenditure | 151.9 | 0.6% | 0.6% | | |

* Climate change mitigation; climate change adaptation

** Sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; protection and restoration of biodiversity and ecosystems

*** Guaranteed compliance with minimum safeguards relating to rights at work and human rights

SDG Index

Our contribution to the UN SDGs

In 2015, the 17 UN Sustainable Development Goals (SDGs) were adopted by all UN member states as part of the "2030 Agenda for Sustainable Development". These 17 global SDGs in areas such as health, education, fair work and the environment are aimed at public and private entities around the world. Dermapharm is also doing its part to achieve these goals. To help make navigating this CSR report more intuitive, the SDGs addressed by our sustainability measures are highlighted in the margins. On the whole, we can demonstrate a positive contribution to nine of the 17 SDGs. We have furthermore identified the following three SDGs to which we can make a particular contribution through our business model and corporate policy.



Relevant SDGs in this report

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| | Supply chain | Page 33 |

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