Dermapharm Holding SE

CSR REPORT

(NON-FINANCIAL CONSOLIDATED REPORT)

2021

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1. FOREWORD BY THE BOARD OF MANAGEMENT

Dear ladies and gentlemen,
Dear shareholders,

Now it is more important than ever that we live up to our responsibility: towards each other and our environment. We at Dermapharm have sought to embody these principles since our very founding in 1991, and are pleased to present to you this CSR Report detailing our efforts to promote sustainability in this, our 30th year.

To us, sustainability is not merely a moral obligation we owe to our contemporaries and generations to follow. It is also the foundation on which we establish durable relationships with our stakeholders, thereby securing Dermapharm's long-term economic success. At the same time, it represents our ambition to do appreciable good for society through our business activities – and this is why we are so proud to report that we have made a positive contribution when it comes to nine out of the United Nations' 17 global Sustainable Development Goals.

Against a complex backdrop of challenges arising in connection with global climate change, we continue to work with our Group companies on a range of programmes aimed at conserving energy, avoiding waste and using sustainable resources. This effort is based on a number of changes which make us better every day. For instance, in 2021, we switched to compostable packaging using eco-bubble wrap made of potato starch, and at our largest facility in Brehna we completed our rainwater infiltration project and brought the new solar energy system online. At the same time, we continue to strive to improve our organisational structures and steering tools so as to further optimise our resource use and promote the sustainable growth of our Company. For instance, we are currently working to launch an environmental management system at our subsidiary, Anton Hübner, and plan to implement an energy measurement system at our subsidiary, mibe, by the middle of 2022, which will enable us to gain a comprehensive understanding of how we consume energy.

We are also proud that we at Dermapharm are able to actively leverage our know-how to combat the COVID-19 pandemic via our cooperation with BioNTech SE to manufacture the Comirnaty® vaccine at our Brehna and Reinbek facilities.

Yet we must not rest on our laurels. It is thanks in particular to the dedication of our employees that we will continue to make advances based on a culture of mutual trust and respect that gives them the chance to have their say in how Dermapharm should grow. We hope you enjoy reading our detailed report on our hard work and progress in 2021.

Grünwald, 8 April 2022

The Board of Management

Dr Hans-Georg Feldmeier
Chief Executive Officer

Hilde Neumeyer
Chief Financial Officer
Chief Compliance Officer

Dr Jürgen Ott
Chief Marketing Officer

Karin Samusch
Chief Business Development Officer

2. ABOUT THIS REPORT

References to frameworks

Dermapharm's CSR Report is aimed at customers, business partners, shareholders, employees and all other stakeholders who want to find out more about our Company's values and principles. It covers Dermapharm Holding SE and the companies controlled by it.

The 2021 CSR Report also serves as the Group's non-financial report for financial year 2021 within the meaning of § 289c through 289e and 315b, 315c of the German Commercial Code (*Handelsgesetzbuch*, "HGB").

Dermapharm has prepared this report on the basis of the German Sustainability Code and the Global Reporting Initiative (GRI) standards, and it largely fulfils the mandatory requirements of the latter. A GRI Index 2021 will soon be available on Dermapharm's website. In addition, with this report we present how our activities contribute to the 17 Sustainable Development Goals (SDGs). Our SDG Index can be found on page 35–36.

Structure of the report

Business model and strategy: This section briefly introduces Dermapharm's integrated business model and the business strategy based on it, and outlines the key points of the sustainability strategy and material targets.

Environmental indicators: This section presents the material environmental indicators for energy, water and resource consumption, as well as the Group's activities and initiatives as it works toward achieving more environmentally friendly production.

Product safety: Dermapharm's ultimate goal is patient welfare, and this section presents the stringent quality and safety measures observed and monitored for that purpose.

Employee-related topics: This section provides further information on the initiatives and programmes that Dermapharm has put in place to attract talented new individuals and optimally nurture those it already has in its ranks. We also outline how we safeguard employee health, ensure a work-life balance and provide the opportunity to initiate improvements within the Group by means of the company suggestion scheme.

Governance and compliance: This section describes the recognised compliance guidelines Dermapharm already has in place to prevent misconduct on the part of its employees. It also includes information on the corporate values, on responsible marketing and on handling bioethics issues.

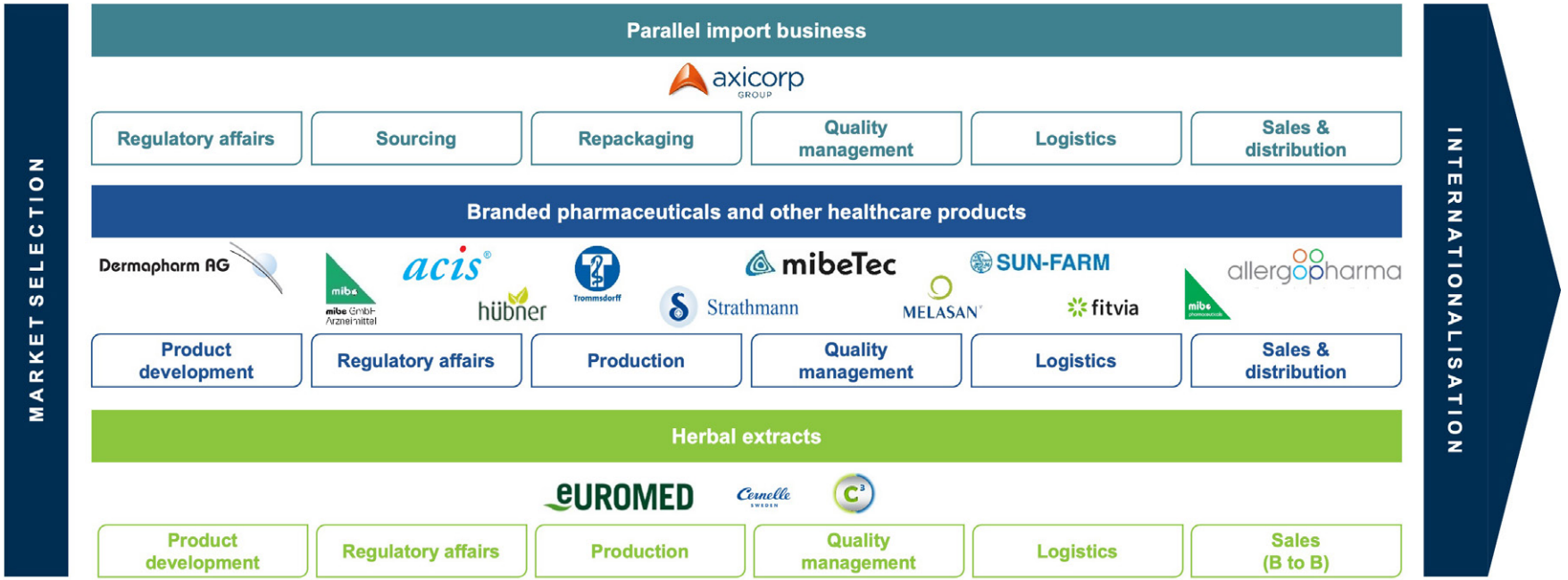
3. BUSINESS MODEL AND SUSTAINABILITY STRATEGY

Business model of Dermapharm Holding SE

Dermapharm Holding SE (together with its consolidated subsidiaries referred to as "Dermapharm" or the "Group") is a fast-growing manufacturer of branded pharmaceuticals for selected therapeutic areas in Germany, with an expanding international presence. The Company currently focuses on the three segments "Branded pharmaceuticals and other healthcare products", "Herbal extracts" and "Parallel import business". The Group's strategy is to achieve the deepest-possible integration of its business model as well as dynamic growth centred on the development of new products, increasing internationalization and targeted M&A activities across selected segments.

To the extent possible, we at Dermapharm use our own resources to develop, manufacture and market our products. The Group leverages the reputations of Germany and other European countries as manufacturing powerhouses and the quality associated with products manufactured there.

Dermapharm Holding SE's integrated business model



Branded pharmaceuticals and other healthcare products

By pursuing a targeted acquisition strategy together with in-house product development, the Group has built up a broad product portfolio of branded pharmaceuticals and other healthcare products such as medical devices, food supplements and cosmetics, in profitable niche markets. The extensive range of pharmaceuticals and healthcare products comprises more than 380 active pharmaceutical ingredients and roughly 1,300 national and international marketing authorisations. The majority of these are produced in-house and sold via our distribution organisation. 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 the Company to offer bespoke therapeutic concepts for individual medical needs. According to the market research firm INSIGHT Health, the Group is Germany's market leader for vitamins, minerals & food supplements, dermatology, allergology, pain and inflammation, cardiovascular support. The Group has very strong brands in all therapeutic areas. According to INSIGHT Health, products such as Keltican®, Tromcardin®, Acicutan® and Ketozolin® are leading brands in their respective therapeutic areas. Dermapharm is also playing an active role in efforts to contain the COVID-19 pandemic by providing extensive production capacities at its locations in Brehna and Reinbek to manufacture the Comirnaty® COVID-19 vaccine in cooperation with BioNTech SE.

Herbal extracts

Through Spanish subsidiary Euromed S.A., Dermapharm has access to a leading manufacturer of standardised herbal extracts for the production of pharmaceuticals, cosmetics and food supplements. The herbal raw materials are processed at the company's state-of-the-art production facilities in Spain and the USA using procedures that in some cases are patented. A B2B distribution model is used to market the products in 49 countries. Dermapharm also uses Euromed's expertise for its own products: it is currently developing two new healthcare products using Euromed extracts and carrying out clinical trials on them. The "Herbal extracts" segment was expanded through the acquisition of Swedish firm AB Cernelle. Cernelle manufactures the only pollen extract with medical approval to treat benign prostate hyperplasia and chronic prostatitis.

Parallel import business

Dermapharm operates its parallel import business under the "axicorp" brand. The business model is based on legal regulations under the German Social Security Code (*Sozialgesetzbuch*), with price differences within the European Union's internal market for prescription originator pharmaceuticals being exploited in favour of Germany's statutory health insurance system. axicorp has the specialist expertise needed for procuring these originator 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. For sales purposes, the company employs direct marketing activities, particularly its own call centre. According to INSIGHT Health, axicorp was Germany's fifth-largest parallel importer in terms of gross revenue in financial year 2021 and it covered the majority of the prescription originator pharmaceuticals available on the German parallel import market.

Dermapharm's business strategy

The Group intends to continue building on its positive performance of recent years and further expand the strong position of the three segments by systematically leveraging organic and external growth opportunities.

The Group's growth strategy is based on three pillars:

1. expanding the product portfolio by bringing to market new, internally developed products;

2. increasing the Group's international presence;

3. successfully completing further acquisitions of products and businesses.

In order to expand the range of the product portfolio, the Dermapharm Group continually strives to develop additional branded pharmaceuticals and healthcare products and launch them on the market.

Dermapharm's product pipeline currently comprises over 40 ongoing development projects involving new products for the defined niche markets. The focal points of the development work are:

- Expanding the portfolio of off-patent branded pharmaceuticals in dermatology

- Further developing allergy therapy product range

- Developing science-based food supplements

- Developing new phytoextracts

- Further developing the range of medical devices

The Group is expanding its international presence both by forming its own start-up subsidiaries abroad and by acquiring new companies with an international presence. Country-specific portfolios are formed/developed based in each case on a detailed analysis of market conditions. That said, compounds developed and manufactured by the Group in particular are receiving marketing authorisation. Acquiring new products, portfolios and companies has been part of the Group's business strategy ever since the Company was formed in 1991. Dermapharm's particular strength lies not just in its ability to successfully integrate these acquisitions into the Group structure, but also to work systematically to foster their further development. This covers both expanding market position and optimising costs. Beginning with the successful integration of the Dermatology business acquired from Bristol-Meyer Squibb in 2002 and the acquisition Jenapharm's therapeutics unit from Schering in 2004, Dermapharm has maintained its consistent growth trend over the years through various acquisitions. The Group acquired the medical devices bite away® and Herpotherm® in September 2017. In 2018, this was followed by the acquisitions of Strathmann and Trommsdorff with their specialised portfolio of prescription pharmaceuticals and OTC products, which formed the Group's pain and inflammation treatment therapeutic area. Dermapharm expanded its portfolio in the "Herbal extracts" segment by acquiring Euromed in 2019. In 2020, Dermapharm strengthened its position in the allergology therapeutic area by acquiring Allergopharma. In 2021, the Group acquired a 24.9 % interest in CORAT Therapeutics and expanded the "herbal extracts" segment by acquiring AB Cernelle. Dermapharm will continue to regularly review growth opportunities and pursue strategic options that fit our corporate strategy.

Dermapharm's growth strategy is based on three pillars:

In-house product development

We develop and successfully bring to market additional pharmaceuticals and other healthcare products at our very own centre of excellence. Our four development centres specialise in different product groups. We strive to complete all key development and authorisation processes in house – including designing and funding clinical trials – using our own experienced experts. Once authorisation is granted, newly developed products are generally put into production in-house. In total, we manufacture about 90 % of our pharmaceutical product portfolio ourselves.

The focal points of our development are:

- Expanding portfolio of off-patent branded pharmaceuticals
- Further developing allergy therapy product range
- Developing science-based food supplements
- Developing new phytoextracts
- Further developing the range of medical devices

Internationalisation

The Group has been operating in Austria, Switzerland, Croatia, Poland and Ukraine for many years now. In order to further expand its business with branded pharmaceuticals and other healthcare products, the Group has formed subsidiaries in the United Kingdom, Italy and Spain. Country-specific portfolios are formed/developed based in each case on a detailed analysis of market conditions, with compounds developed and manufactured by the Group in particular receiving marketing authorisation. This enables the Group to gradually enlarge its portfolio and the respective sales and distribution structures as it expands into new markets. For instance, Dermapharm is expanding into other countries in Europe, Asia and the Americas with its CE-certified and internationally patented medical devices bite away® and Herpotherm®. Another key aspect of the Group's internationalisation efforts is the acquisition of companies with international operations. The acquisitions of Euromed and Allergopharma stand out as past examples of this approach. At present, the acquisition of Cernelle is making a further contribution to the Group's internationalisation.

M&A activities

Acquiring individual products, portfolios and companies has always been part of Dermapharm's business strategy and a key success factor for its continued growth. Since its formation in 1991, Dermapharm has steadily expanded its product offering through successful acquisitions in Germany and abroad. This includes, for instance, the acquisition of attractive patented medical devices and pharmaceutical manufacturers, which complement Dermapharm's portfolio ideally and expand its offering in growth markets. Another aim when making these types of acquisitions is to further increase the potential of the newly acquired companies by optimising processes and incorporating the companies in the Group's production and logistics structures. The Group continually reviews specific growth opportunities and pursues promising acquisition options that fit its strategic alignment.

Sustainability strategy and goals

As a highly efficient manufacturer of branded pharmaceuticals and healthcare products with a mission to improve our customers' living conditions, one of our key goals is to ensure sustainable and environmentally friendly production. As an expert on dermatological pharmaceuticals, we are aware that the skin, as the largest human organ, is in constant contact with the environment. A clean environment is therefore the basic prerequisite for human health and well-being and as such is also a key part of our corporate strategy.

Climate action and human dignity are the guiding principles that underpin how we do business. Our sustainability strategy consequently comprises the following target areas that will be addressed in more detail in this report:

Performing efficiently as a business
(page 38 in the 2021 Annual Report):

The key management metrics used to measure the success of Dermapharm's business activities are revenue and earnings before interest, taxes, depreciation, amortisation, write-downs and reversals of write-downs (EBITDA).

Using energy resources efficiently
(pages 12–20)

Our ambition is to reduce energy inefficiency. We published figures for the electricity, natural gas and water consumption at our German locations for the first time in the 2019 CSR Report. In the coming years we are looking to leverage efficiency measures to systematically reduce how much energy and water we consume in relation to revenue.

Conserving resources when using materials – within the regulatory framework
(pages 19–20)

By reducing how much waste we produce, improving our recycling systems and avoiding product complaints (for instance due to incorrect packaging) we are working towards making a long-term contribution in the switch to a circular economy.

Ensuring a high level of product safety
(pages 22–23)

Our utmost priority is the well-being of our customers. We ensure a consistently high level of product quality through compliance with numerous audited and certified production and distribution standards such as the Good Pharmacovigilance Practices or Good Manufacturing Practices.

Strengthening our workforce
(pages 24–29)

Skilled, motivated and healthy employees are key to Dermapharm's long-term success. We strive to attract new talent to Dermapharm and take appropriate steps to create a safe working environment for existing employees that supports their development.

Refining internal rules, regulations and controls
(pages 30–34)

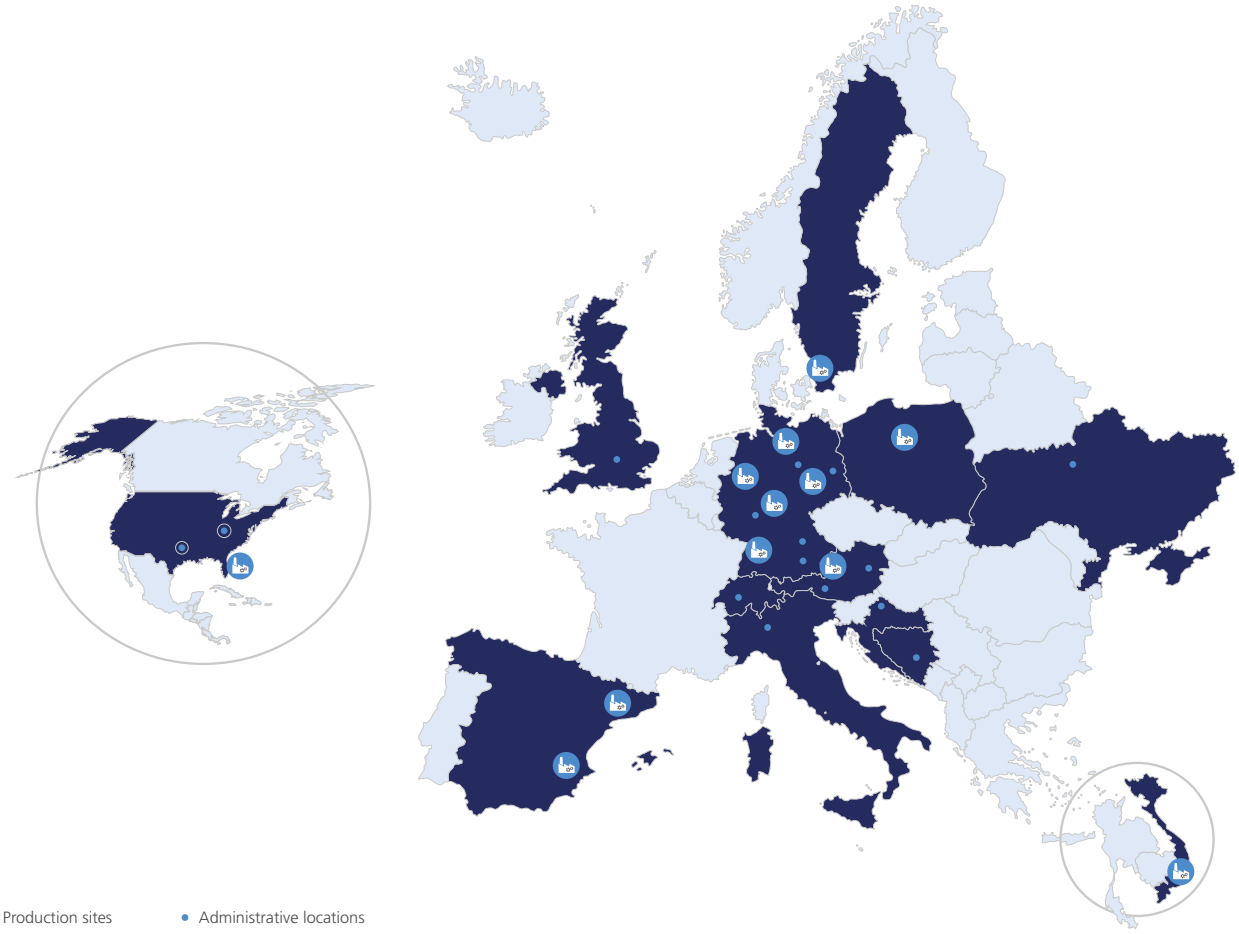
Our customers, suppliers, investors and other stakeholders place their trust in Dermapharm, which is both our aspiration and our obligation. In order to keep and further strengthen this trust, we constantly work to further develop our internal policies. These include for example our own Code of Conduct, 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.

4. ENVIRONMENTAL INDICATORS

Our commitment to protecting the environment

By virtue of its integrated business model, Dermapharm's own locations cover almost the entire value chain for the manufacture of pharmaceuticals and healthcare products. Dermapharm currently operates 13 sites across a total of six countries (Germany, Poland, Austria, Spain, Vietnam and the United States), where its local subsidiaries manufacture pharmaceuticals, medical devices, food supplements and herbal extracts.

The pharmaceutical industry in general has a relatively small ecological footprint, but we are nevertheless aware that our business does have an impact on the environment. For instance, the process of manufacturing our products causes greenhouse gases to be released and generates waste and waste water. We use materials that must be disposed of properly to avoid environmental damage, and are committed to minimising the adverse ecological impact of our business as far as we can. Natural resources are becoming ever scarcer, and as such, we focus on making the most efficient use of energy, water and materials and thus continually reducing consumption in relation to revenue. Our integrated business model facilitates energy-efficient production and short transport routes, thus not only helping to conserve resources and protect the environment, but also boosting the profitability of our business. For this reason, we regularly review the action we can take to help protect the environment and are gradually implementing adequate solutions.



OUR BUILDING: ENERGY EFFICIENCY

In Brehna, we operate a logistics centre that adheres to the standards set out in the Good Distribution Practice ("GDP") regime adopted by the EU in 2013. The objective of the GDP is to ensure a high level of product quality in pharmaceuticals by avoiding falsified medicines and errors in the manufacturing process. The new building also meets the current energy efficiency criteria for buildings laid down in the German Energy Saving Regulation (*Energieeinsparverordnung*, "EnEV") 2014. Its features also include effective thermal insulation, an air-to-water heat pump and an active specialised ventilation system. In the interests of ecology and improved insulation, the building is also fitted with a green roof. This building – the third at the Brehna site – also boasts another energy feature: Pharmaceuticals must ordinarily be stored at temperatures ranging from 15 °C to 25 °C, which given the ever hotter summers is only achieved by means of costly cooling using air conditioning units. At mibe, we achieve optimal insulation thanks to the green roof and nightly ventilation. Large ventilators are used during the night to draw cool outside air into the storage areas and enable compliance with the temperature limit.

A particular highlight in reducing CO_2 emissions was the installation of a 610,000 kWh solar power unit in the first quarter of 2021. This satisfies just under 10 % of current electricity demand at the Brehna site. It also enables us to isolate the roof cladding against heat radiation even better and reduce power spikes.

Our subsidiary axicorp's new building offers 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 space of more than 7,400 m² is spread over two floors in the plant on two floors and relies on the latest energy standards. These include a photovoltaic system with a nominal output of 99.18 kWp, a 3,600 m² green roof and a ventilation system with ventilation system with heat recovery. Both systems are not yet in operation.

In combination with an air-to-water heat pump and a gas condensing boiler, this reduces energy requirements. And fresh water consumption is also reduced by using rainwater from the roof surfaces for toilet flushing.

Furthermore, 2020 our subsidiary Melasan in Austria moved into a new administration and production building that fulfils the current energy efficiency standards and additionally features a rainwater infiltration system that goes some way to compensate for soil sealing.

We also meet stringent environmental protection standards at all of our other production sites and conform to new regulatory requirements on an ongoing basis. Our production sites are located in established industrial areas and business parks. Before acquiring companies and thus taking over their locations, we review the ecological risks as part of a due diligence process. All of our production facilities have been certified since 2015 by an accredited engineering company that conducted an energy audit in accordance with DIN EN1642.

Planned environmental management system

Our subsidiary Anton Hübner is currently working to introduce an environmental management system, with plans to implement it at a number of other Dermapharm Group companies as well. This is based on Regulation (EC) No 1221/2009 on voluntary participation by organisations in a Community eco-management and audit scheme (EMAS). EMAS is aimed at helping businesses voluntarily and systematically improve their environmental performance. EMAS includes all of the requirements of DIN EN ISO 14001, the international standard for environmental management systems. For 2023, the corresponding certification will be drawn up for the first time within the Group by subsidiary Anton Hübner. This involves defining environmental goals and the requisite action to implement them. The certification process at Anton Hübner is being treated as a pilot project. Once we have analysed the experiences gained, we plan to roll it out at other locations.

Planned energy management system

We intend to implement an energy measurement system at our subsidiary mibe by the middle of 2022 which will enable us to monitor our energy consumption in a number of respects. For instance, we will be able to analyse our current consumption patterns and develop strategies for boosting energy efficiency. Although our subsidiary Allergopharma does not currently have an effective energy management regime in place, our automation measures for Building 10 feature an energy management function, thereby laying vital groundwork for a future energy management system. At present, we do not have an ISO 50001-certified energy management system. However, our objective is to gradually equip our subsidiaries with such systems going forward.

Additional certification

Some Dermapharm Group companies, among them Anton Hübner, observe recognised ecological quality criteria when assembling their product portfolios. This includes implementing the current EU Eco Regulation (Regulation (EC) No 834/2007) for specific food products and complying with criteria for natural cosmetics, for instance those of NATRUE (https://www.natrue.org/) and COSMOS IONC (http://ionc.de/).

CO_2 emissions

Our production processes are not a major source of greenhouse gas emissions (e. g., CO_2). At Dermapharm, the primary factors influencing emissions are buildings, production and the air conditioning of buildings. Because one-third of primary energy is used to air-condition buildings, where possible we use air circulation instead of external air to control temperature in the buildings. Emissions are also generated by the Group's vehicle fleet and in the extraction and processing of raw materials. Through our commitment we intend to make an active contribution to reducing greenhouse gas emissions going forward by means of efficiency measures.

Consumption of electricity and natural gas

The increase in absolute electricity consumption at Dermapharm's production sites in German-speaking countries in the past few years is primarily attributable to acquisitions. Our energy consumption decreased due to the merger of Strathmann/Biokirch: electricity use fell from 17.2 million kWh in 2020 to 16.5 million kWh in 2021. By contrast, electricity consumption at the four companies that were already part of the Dermapharm Group prior to 2018 (mibe, Hübner, axicorp and Melasan) has risen by roughly 17 % since 2016. This is due to the expansion of production capacities.

Electricity consumption at the foreign production facilities fell from 10 million kWh in 2020 to 9.5 million kWh in 2021, and has remained at a relatively constant level since the Cernelle acquisition in 2016. In 2021, 63.7 % of total electricity use was attributable to production facilities in German-speaking countries, and 36.3 % to other foreign locations.

The absolute increase in natural gas consumption at the Group's locations in German-speaking countries is due primarily to the acquisition of Allergopharma. Accordingly, since the acquisition in 2019, consumption of natural gas rose from 12.3 million kWh to 19.3 million kWh in 2020, followed by only a slight increase to 20.5 million kWh in 2021. The consumption of natural gas, in absolute terms, for those companies that were already part of the Group before 2018 has increased by just under 23 % since 2016, and was attributable for the most part to the expansion and resulting increase in the use of gas by mibe.

Electricity consumption at the Group's production sites in German-speaking countries

Year	Electricity consumption in MWh	Group of consolidated companies
2016	7,596	mibe, Hübner, axicorp, Melasan
2017	7,597	mibe, Hübner, axicorp, Melasan
2018	10,900	mibe, Hübner, axicorp, Melasan, Strathmann, Biokirch, Biokirch
2019	10,855	mibe, Hübner, axicorp, Melasan, Strathmann, Biokirch, Biokirch
2020	17,224	mibe, Hübner, axicorp, Melasan, Strathmann, Biokirch, allergopharma
2021	16,549	mibe, Hübner, axicorp, Melasan, Strathmann, Biokirch, allergopharma

Electricity consumption at the Group's production sites in non-German-speaking countries

Year	Electricity consumption in MWh	Group of consolidated companies
2016	9,113	Cernelle Sweden, SUN-FARM, EUROMED
2017	9,568	Cernelle Sweden, SUN-FARM, EUROMED
2018	9,667	Cernelle Sweden, SUN-FARM, EUROMED
2019	9,428	Cernelle Sweden, SUN-FARM, EUROMED
2020	9,995	Cernelle Sweden, SUN-FARM, EUROMED
2021	9,430	Cernelle Sweden, SUN-FARM, EUROMED

Gas consumption at the Group's production sites in German-speaking countries

Year	Natural gas consumption in MWh	Group of consolidated companies
2016	9,476	mibe, Hübner, axicorp, Melasan
2017	8,899	mibe, Hübner, axicorp, Melasan
2018	12,515	mibe, Hübner, axicorp, Melasan, Strathmann, Biokirch, Biokirch
2019	12,307	mibe, Hübner, axicorp, Melasan, Strathmann, Biokirch, Biokirch
2020	19,348	mibe, Hübner, axicorp, Melasan, Strathmann, Biokirch, allergopharma
2021	20,562	mibe, Hübner, axicorp, Melasan, Strathmann, Biokirch, allergopharma

The other foreign production sites also recorded an increase in the amount of natural gas consumed. This was due to the increase in production capacities by our subsidiary Euromed, which, as a manufacturer of standardised herbal extracts for the pharmaceuticals and cosmetics industries, is responsible for more than half of the Group's total gas consumption. In 2020, energy consumption based on natural gases amounted to 23.6 million kWh; this figure rose to just under 27.2 million kWh in 2021. The other foreign production facilities accounted for 57 % of total gas consumption in 2021. Gas consumption at the locations in German-speaking countries thus accounted for 43 % of the total.

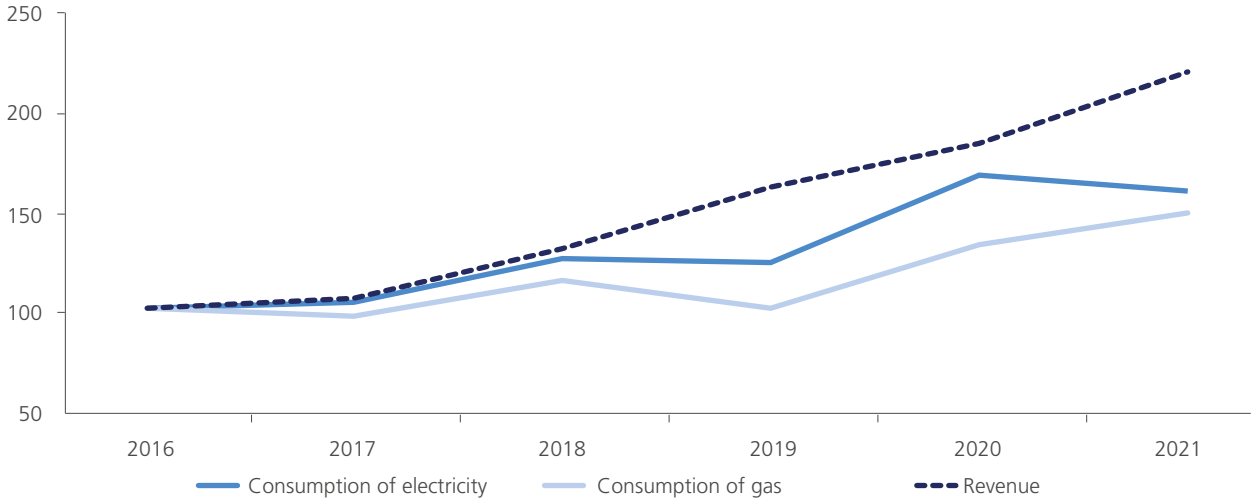
In 2021, the ratio of the Group companies' electricity consumption relative to their revenue contribution fell by 4.55 percentage points, while the corresponding gas consumption rose by 11.1 percentage points. The reason for the disproportionate increase in gas consumption in the past year was the higher consumption figure for mibe's site in Brehna, which was mainly due to the opening of the new logistics centre.

Our goal is to achieve a lasting improvement in the electricity and natural gas consumption at our production sites in relation to their revenue contribution, in other words to achieve an improvement in relative energy intensity. We expect this improvement to materialise in 2021 since the non-recurring effects at Allergopharma and mibe described above will no longer apply.

Gas consumption at the Group's production sites in non-German-speaking countries

Year	Natural gas consumption in MWh	Group of consolidated companies
2016	23,451	Cernelle SWEDEN, SUN-FARM, EUROMED
2017	22,800	Cernelle SWEDEN, SUN-FARM, EUROMED
2018	24,659	Cernelle SWEDEN, SUN-FARM, EUROMED
2019	20,700	Cernelle SWEDEN, SUN-FARM, EUROMED
2020	23,643	Cernelle SWEDEN, SUN-FARM, EUROMED
2021	27,214	Cernelle SWEDEN, SUN-FARM, EUROMED

Electricity and natural gas consumption at the relevant production sites from 2016 to 2021 in relation to their revenue development*



*2016 baseline = 100 index points each

Water and waste water consumption

Efficient management of resources also plays an important role for us in the context of water consumption and waste water reduction. Careful cleaning of equipment is essential for manufacturing processes and product quality in the pharmaceutical industry. Water is the key solvent for the cleaning processes. Therefore, we attach great importance to consuming as little water as possible. Accordingly, we prefer dry cleaning methods to wet cleaning wherever possible. In addition, our state-of-the-art production systems promote the efficient use of resources. They ensure that only a very small level of residual deposit builds up. This, together with our clean-in-place (CIP) systems, enables efficient cleaning and reduces waste water. At the same time, we take technical precautions such as catchment and retention basins in order to effectively rule out groundwater contamination. We are so successful in this that our production sites are directly connected to the respective municipal sewer systems even without special water treatment plants. We maintain an active dialogue with these municipalities and, together with local policymakers, develop sustainable concepts for our sites. For instance, the planned rainwater infiltration project in Brehna was successfully rounded off in 2021.

These measures have already given rise to the first positive effects at every location save for mibe: on the whole, water consumption at the locations in German-speaking countries other than mibe fell from approximately 67,100 m³ in 2020 to 53,335 m³ in 2021. Due to the expansion of mibe's operations to facilitate the manufacture of vaccines, the total absolute consumption of water and waste water at the Group's locations in German-speaking countries nonetheless rose by 26.9 % and 30.8 %, respectively, in 2021.

At the other foreign locations as well, the measures to conserve water and waste water also had an effect. Water consumption fell by 7.5 % from 91,098 m³ in 2020 to 84,733 m³ in 2021, and waste water consumption also declined by the same proportion.

For water consumption, too, our goal is to achieve a lasting improvement at the respective production sites in relation to their revenue contribution, in other words to achieve an improvement in relative water intensity.

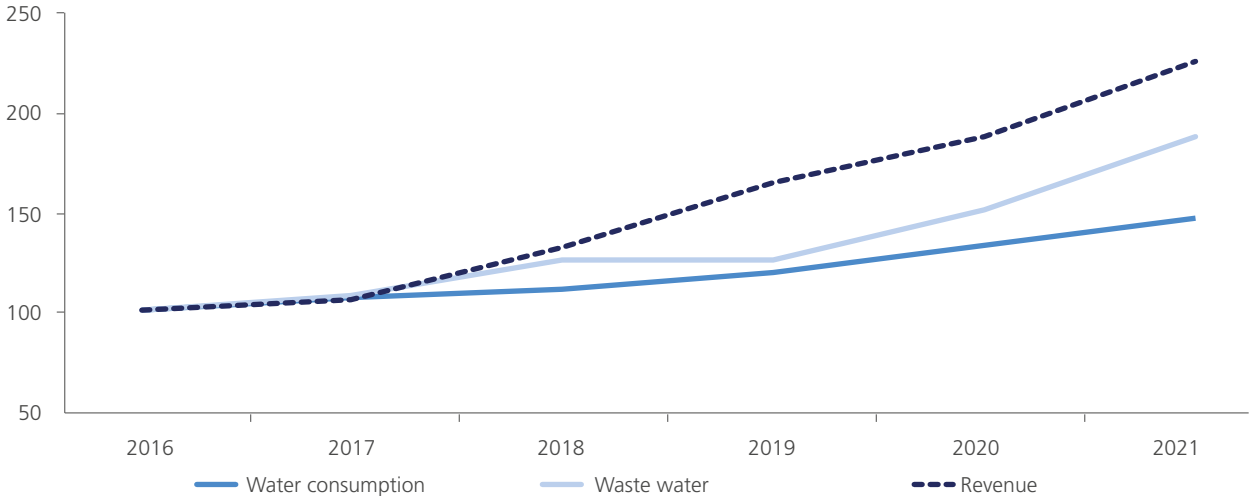
Water and waste water consumption at the Group's production sites in German-speaking countries

Year	Water and waste water consumption in thousands of m³	Group of consolidated companies
2016	51.6/51.6	
2017	56.4/57.1	
2018	61.8/61.2	
2019	63.5/63.5	
2020	85.9/85.9	
2021	109.0/112.4	

Water and waste water consumption at the Group's production sites in non-German-speaking countries

Year	Water and waste water consumption in thousands of m³	Group of consolidated companies
2016	85.6/40.2	Cernelle SWEDEN, SUN-FARM, EUROMED
2017	88.2/40.9	Cernelle SWEDEN, SUN-FARM, EUROMED
2018	88.4/51.7	Cernelle SWEDEN, SUN-FARM, EUROMED
2019	97.0/48.7	Cernelle SWEDEN, SUN-FARM, EUROMED
2020	91.1/47.1	Cernelle SWEDEN, SUN-FARM, EUROMED
2021	84.7/50.9	Cernelle SWEDEN, SUN-FARM, EUROMED

Water and waste water consumption at the production sites from 2016 to 2021 in relation to their revenue development*



*2016 baseline = 100 index points each

Resource efficiency and waste

Waste management at Group companies and the proper disposal of recyclable materials and pharmaceutical packaging comply with the statutory regulations. We ensure compliance with the statutory recycling quotas. We base our waste disposal on the principle of best possible separation of recyclable materials. Our pharmaceutical packaging is collected in accordance with the provisions of the German Packaging Regulation (*Verpackungsverordnung*) and then disposed of professionally with a zero-carbon footprint. Acting economically also helps to reduce waste. By getting the very most out of the raw materials used and ensuring the highest quality standards, we can significantly reduce the amount of waste we produce. We also comply with strict statutory regulations and the relevant guidelines pertaining to the proper disposal of hazardous materials, thereby preventing any risk to the environment or humans.

In 2021, the amount of waste produced at the production sites in German-speaking countries decreased from 1,589 tonnes to 1,448 tonnes. Broken down by type of waste pursuant to the European Waste List, paper and cardboard waste (528 tonnes) represented the most significant waste category, as previously in 2020, followed by municipal waste (288 tonnes) and pharmaceuticals waste (284 tonnes).

At our other foreign locations, the amount of waste has declined from 5,821 tonnes since recording began in 2016 to 4,643 tonnes in 2021. However, waste quantities rose from 4,179 tonnes in 2020 to 4,643 tonnes in 2021, due for the most part to the increase in production activities by our subsidiary Euromed and the resulting increase in waste. As a manufacturer of standardised herbal extracts for the pharmaceuticals and cosmetics industries, this subsidiary accounts for the largest share (75 %) of total waste produced by the Group. Broken down by the different types of waste, the largest share of waste in 2021 was attributable to herbal business (2,465 tonnes), followed by materials unsuitable for consumption or processing (1,006 tonnes). 47 % of waste is used as animal feed, with the remaining 53 % destined for the compost bin.

Waste quantities at the Group's production sites in German-speaking countries

Year	Waste quantities in tonnes	Group of consolidated companies
2016	789	
2017	702	
2018	2,218	
2019	4,223	
2020	1,589	
2021	1,448	

Waste quantities at the Group's production sites in non-German-speaking countries

Year	Waste quantities in tonnes	Group of consolidated companies
2016	5.821	
2017	5.361	
2018	4.415	
2019	4.115	
2020	4.179	
2021	4.643	

By manufacturing approximately 90 % of the entire product range at our own plants and procuring raw materials regionally, we optimise transport routes within the value chain. If it is necessary to import raw materials for the production process from abroad, air freight is avoided where possible. Our distribution logistics focus on using the central logistics facility in Brehna. This is the transfer point for as many products as possible to qualified hauliers, who distribute

the goods to our customers in accordance with the applicable transport quality criteria. This centralisation enables us to bundle our own flows of goods and optimise transports.

In addition, for some products such as cosmetics we use packaging materials sourced from post-consumer recycled (PCR) plastics. In our quest to find sustainable packaging materials that protect the environment and guarantee the same high level of product quality, we are increasingly opting for tubes made from recycled aluminium. Aluminium is long-lasting and thus there is virtually no limit to how many times it can be recycled, making it a sustainable raw material. Using this 100 % recycled aluminium facilitates a functioning closed material cycle. Moreover, our subsidiary Allergopharma takes care to ensure that clear packaging films are collected separately as part of the usual separation of waste. These films are particularly well-suited for recycling, and thus contribute to a circular economy.

EFFICIENT USE OF RAW MATERIALS

Resource management at Euromed

Euromed, our Spanish subsidiary and manufacturer of herbal pharmaceuticals, has committed to supporting sustainable agriculture. As such, stringent quality control from raw material to waste disposal is of key importance for Euromed.

Its main production facility in Barcelona, which processes more than 5,000 tonnes of biomass into products each year, has obtained multiple production certifications including ISO 14001 for ecological sustainability.

Among other things, the organic waste generated during production is passed on to companies that generate environmentally friendly energy, is composted, or is used as feed for livestock.

Euromed also focuses on exploiting the full potential of the plants used, for instance its product "Lipidic Sterolic Saw Palmetto Extract" (SPE) which as the name suggests is sourced from saw palmetto. The ripe berries of this wild plant, which is considered endangered, are harvested exclusively in the US states of Florida and a small part of Georgia.

Euromed operates its own facility close to Lake Okeechobee in Florida so that it can rapidly dry and process the harvested berries. This ensures that they have an optimal fatty acid content and means that the raw material is fully traceable. The residue remaining after fruit extraction is used for recycling products such as natural dyes.

5. REPORTING ON EU TAXONOMY

With the entry into force of the EU Taxonomy Regulation, Dermapharm is required to report information on revenues, capital expenditure (CapEx) and operating expenditure (OpEx) associated with environmentally sustainable economic activities. The EU Taxonomy Regulation provides criteria for determining whether an economic activity qualifies as sustainable with respect to various environmental objectives. The overall objective is to create a more sustainable financial system and to channel investments into green and sustainable projects, thus contributing to the European Green Deal.

For the 2021 financial year, the regulation comes into force with reporting relief, which is why the following disclosures only relate to the taxonomy eligibility of economic activities and not to their taxonomy compliance. In addition, the present disclosures only concern the environmental goals "climate protection" and "adaptation to climate change".

Procedure for the impact analysis

In a first step, Dermapharm identified the taxonomy-compliant activities at Dermapharm with reference to the definitions in the NACE codes referenced in Annexes 1 and 2 of the legal act of 4 June 2021 on Regulation (EU) 2020/852 and the activity descriptions. The "Taxonomy Compass" provided by the EU Commission was also used for this purpose.

In parallel, the definitions of the key figures on OpEx, CapEx and sales listed in Annex 1 to Regulation (EU) 2020/852 were analysed and the data for the respective reference figures (denominator of the key figure) were collected on the basis of our financial controlling systems. Especially in the area of OpEx, the relevant cost types were identified here.

Identified taxonomy-eligible economic activity

The following economic activity has been identified as taxonomy-eligible: **Energy**

At our Brehna site, we have been operating a solar power plant to generate electricity since the first quarter of 2021. We thus fall under the taxonomy-eligible activity "4.1 Electricity generation using photovoltaic technology".

Analysis and calculation of turnover

In our analysis, we came to the conclusion that there are no taxonomy-eligible turnovers in the turnover category.

Analysis and calculation of OpEx

In our analysis, we have come to the conclusion that there are no taxonomy-eligible operating expenses in the OpEx category.

Calculation for CapEx

For CapEx, we have calculated the capital expenditure related to the activity identified as taxonomy-eligible. The reference amount of EUR 64 million for CapEx includes investments in intangible assets (EUR 22 million, see notes to the consolidated financial statements) and property, plant and equipment (EUR 42 million; see notes to the consolidated financial statements). Since the investments of EUR 0.5 million identified as taxonomy-eligible amount to less than 1 % of the reference value, a detailed breakdown by individual economic activity is not provided.

1 Due to the ongoing, dynamic developments with regard to the EU Taxonomy Regulation, there are currently still uncertainties of interpretation with regard to the formulations and terms contained therein. Therefore, adjustments may be made to our taxonomy impact analysis in the future.

6. PRODUCT SAFETY AND QUALITY

Processes and standards

The production, quality control and distribution of healthcare products – and of pharmaceuticals in particular – is monitored by our Company-wide quality management system and is subject to stringent regulatory control. Furthermore, we engage independent auditors to perform regular reviews of our products. We are certified in accordance with the applicable EU quality standards. These GMP rules represent the industry-specific quality standard, and complying with them in production and testing ensures that the products Dermapharm sells are of consistent quality. 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. In addition, the quality of the finished goods is verified and documented by checking the end products.

Multi-stage control process in accordance with EU GMP guidelines

By adhering to these rules, we ensure that our processes and products are reproducible at the same high level of quality. The validated manufacturing processes and test procedures are submitted, reviewed and approved as part of the official approval process. Depending on the status of our products, compliance with the quality standards is checked in regular inspections by drug authorities (for pharmaceuticals), appointed bodies such as TÜV Süd for medical devices or veterinary authorities for food supplements. In the interest of our patients and customers, the quality, efficacy and safety of our products are at the core of all we do and are thus of the utmost priority. The complaint rate for all Group pharmaceutical packages – packaging defects only, not due to defects in the products themselves – was less than 0.008 % in 2021 (previous year: < 0.013 %).

<0.008 %
complaints

In the context of our product and customer responsibility, we continuously monitor the risk-benefit ratio of our pharmaceuticals and follow the standards laid down by the EU for good pharmacovigilance practice. There is never a full understanding of how safe a pharmaceutical is at the time it first receives marketing authorisation. New insights into the safety of pharmaceuticals may arise long afterwards and depend on new developments in medical science. The German Medicinal Products Act (*Arzneimittelgesetz*, "AMG") and the European regulatory system for medicines therefore require that experience in the use of a pharmaceutical be collected and evaluated continuously following its marketing authorisation. Consequently, the safety of all pharmaceuticals available on the European market is monitored over their entire lifetime.

Pharmacovigilance and quality management

Accordingly, Dermapharm has a validated pharmacovigilance system under which all approved pharmaceuticals are regularly checked. For this purpose, our specialist employees collect and assess all known medical pharmaceutical risks associated with using the pharmaceutical and forward these to our centralised internal pharmacovigilance department. If the assessment of known pharmaceutical risks identifies that the marketing authorisation status of pharmaceuticals must be updated in line with scientific knowledge, the centralised pharmacovigilance department coordinates all action needed to respond to the hazard and where necessary – after obtaining the approval of the competent authorities – discloses such changes and contacts doctors, pharmacists, patients and the public. New findings are taken into account as quickly as possible acting pursuant to the applicable regulations. The most frequent action taken is to update the product information leaflet. In a final inspection by our information officer, every package leaflet which leaves the Company is checked for compliance with the officially approved marketing authorisation.

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.

Regular quality assurance testing

For our bite away® and Herpotherm® hyperthermic medical devices, mibeTec GmbH is certified for quality management in accordance with standard ISO 13485:2016 and for quality assurance in accordance with Directive 93/42/EEC, as required for a manufacturer of risk class IIa medical devices. The medical devices manufactured by mibeTec are tested extensively as part of the conformity assessment procedure on the basis of these certifications and a detailed evaluation and documentation of clinical efficacy, the risk-benefit ratio, safety and usability. After successfully completing testing, the respective conformity is confirmed. Should there ever be a vigilance report, mibeTec has a complaint and vigilance system in place to record, document and assess such cases. Any incidents arising are reported to the Federal Institute for Drugs and Medical Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte*, "BfArM"). To date, there has been no need to report any such incident for the products manufactured by mibeTec. As part of post-market surveillance, mibeTec actively and systematically monitors medical devices once they have been launched on the market. The insights gained are factored into the risk-benefit assessment, which is carried out on a continual basis.

And it goes without saying that we monitor all other products – such as cosmetics, other medical devices or food products – in accordance with the regulations for those product categories. Intolerances and incidents are recorded and regularly assessed by the responsible persons. The quality management review serves to define new quality targets, so as to continually improve the quality of our products.

Series production

Our utmost priority is the safety of our products and patients. 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 it. To even better secure the legal supply chain, an EU-wide IT security system was launched on 9 February 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.

Since 9 February 2019, manufacturers may only produce prescription medicine packages that bear the additional security features required in accordance with the EU Falsified Medicines Directive. Dermapharm implemented the Directive on time at all of its production sites and continues to comply with its requirements.

German partners of EU-wide IT system to protect against falsified medicines

vfa. Die forschenden Pharma-Unternehmen

BPI Bundesverband der Pharmazeutischen Industrie e.V.

Bundesverband der Arzneimittel-Hersteller e.V. B.A.H beraten • analysieren • handeln

PHAGRO

ABDA

securPharm

7. EMPLOYEE-RELATED TOPICS

Careers at Dermapharm

A motivated and skilled workforce is a key prerequisite for our business to grow. Dermapharm builds on its employees' talents and thirst for knowledge, and with that in mind we have launched a range of programmes and initiatives to attract new employees to Dermapharm, help them develop and encourage them to make a long-term commitment to our Company.

Dermapharm always strives to treat its employees in an open, honest and respectful manner. The focus is on the individual. With this in mind, the Company promotes employee-based communication that is supported by training on topics such as non-violent communication or feedback strategies. If conflicts arise, we facilitate independent and unconditional mediation that those involved can access at their own discretion.

Targeted recruitment

Dermapharm is always on the lookout for top talent, which it identifies both within and outside the Company. Existing employees can access internal job adverts as a source of growth prospects, chances for further development and career opportunities. In addition, vacancies are filled on a targeted basis via recruitment agents, online job portals, social networks and personal contacts in relevant industries. Recruitment activities on the social networks were expanded, as were contacts to job centres. Scheduled trade fairs unfortunately had to be cancelled due to the COVID-19 pandemic; nonetheless, a cooperation agreement was entered into with a local school to kindle pupils' interest in the subject of chemistry.

Training at Dermapharm

In order to attract skilled employees in the long term, Dermapharm also takes a systematic approach to training its own workforce. In Germany, Dermapharm provides training for its employees from all areas of the Group. In 2021, 51 young people (previous year: 51) received training in the professions of pharmacist, laboratory technician, industrial business management assistant, media designer, cook and IT specialist as well as specialist for warehouse logistics. The hiring rate after the end of training was rose by 56 % in financial year 2021 (previous year: 10 trainees hired; in 2021, 16 were offered an employment contract).

Strategic training management

Establishing a training management system helps achieve this high proportion of trainees transitioning to employment. On

the one hand, the system serves to structure training by developing an operational schedule on the basis of a training framework plan. Ongoing contact with vocational colleges ensures that practical and theoretical knowledge are intertwined. Regular feedback sessions during training help to identify individual talents and potential early on and provide the trainee with support exactly where they need it. By providing offers of employment at an early stage, Dermapharm ensures that talented individuals will remain at the Company after completing training.

In addition, dual courses of study, graduate theses (bachelor's, master's, doctorate) and courses for master craftsmen are promoted in order to ensure a diversified and targeted recruitment strategy. In 2021, a total of 47 students completed their bachelor's or master's thesis while working at Dermapharm (2020: 53). Eight students were advised in 2021 as they underwent their clinical traineeship/practical year. In addition, Dermapharm supports high-flying students at Martin Luther University Halle-Wittenberg as part of the *Deutschlandstipendium* national scholarship scheme. One scholarship recipient in Germany was offered a position within the Group.

Allergopharma maintains and operates several partnerships and cooperations with renowned universities and institutes. A doctoral student from the University of Kiel is currently completing his empirical dissertation on Allergopharma's premises. A bachelor thesis is also being written at Allergopharma in cooperation with the Hamburg University of Applied Sciences. Furthermore, there is a partnership with the TU Munich and the prestigious Swiss Institute for Allergy and Asthma Research in Davos (Switzerland).

Development programmes tailored to specific professions

A comprehensive education and training program 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 held for employees who work in product development.

Dermapharm supports its employees in developing their personal strengths and tapping their full potential. Having our own talent pool helps us create the structural conditions to prepare talented employees to take on roles with greater responsibility. For this purpose, Dermapharm prepares a detailed personal development and education plan for talented employees that includes attending internal and external seminars, training and educational events. Coaching and trainee programmes or management workshops are also available as a source of further specific training opportunities that are supplemented by vocational education.

In addition, there are trainee programmes, executives' workshops and coaching sessions. The take-up rate for professional development offerings rose by 12 % year on year.

The education and training on offer at Dermapharm varies depending on the operational area. Sales force employees receive particularly intensive training. In addition, there are specialist training programmes for all staff in areas covered by GMP (production, laboratory, logistics). We also organise specialist academic and scientific training, particularly for R&D staff.

51
Trainees

100 %
hiring rate

47
university graduate theses

THE DIGITAL TRAINING PLATFORM

State-of-the-art education on the "Dermapharm eCampus" platform

The idea of ensuring employee development regardless of when or where it takes place is growing in significance, and the COVID-19 pandemic has only accelerated the trend towards e-learning. 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. At present, Dermapharm eCampus is being used by just under 500 active employees at six Group sites.

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, various product-specific training courses).

The integrated reporting within the system means that those responsible for specific topics always have an overview of how effective their mandatory training programmes are and can further optimise them where necessary. The certificates awarded after successfully completing training serve both as proof of the employee's individual development and as evidence for external audits. In 2020, a total of more than 300 employees each completed nine mandatory training courses via Dermapharm eCampus.

The training platform was gradually rolled out to the other Group sites over the course of 2021, and the range of training on offer will continually be expanded. We plan to integrate other companies within Dermapharm eCampus in the years to come. In addition, all employees already have access to specialist training courses available via the online training portal ("BPIeCampus") of the German Pharmaceutical Industry Association (*Bundesverband der Pharmazeutischen Industrie e. V.*, "BPI").

Dermapharm eCampus

ZERTIFIKAT

Frau/Herr

Max Mustermann

hat an der Onlineschulung

Titel e-Learning-Schulung

erfolgreich teilgenommen.

Referent: **Max Mustermann**
Folgende Themen wurden behandelt:

- Lektion 1
- Lektion 2
- Lektion 3
- Lektion 4
- etc.

19. Mär 2021

Dr. Hans-Georg Feldmeier, CEO | Hilde Neumeyer, CFO & COO | Dr. Jürgen Ott, CMO | Karin Samusch, CSOO

Dermapharm Holding SE – Lil-Dagover-Ring 7 – 82031 Grünwald – Germany

Retaining talent

We comply with all applicable labour laws in Germany and the countries in which our subsidiaries are based. In addition, as the management team, we consider it our key task to maintain and foster a corporate culture together with our employees that reflects our roots in the *Mittelstand*, the tradition of medium-sized companies.

The many opportunities for professional development and the associated strategic training and education management in place at Dermapharm help the Company retain its appeal as an employer for both existing and prospective employees. During the onboarding phase, new hires are supported by mentoring programmes that place them under the tutelage of experienced colleagues.

One of the most important basic principles of the Group is to retain employees on fair and competitive terms for as long as possible. Pay rises are based on the relevant industry collective agreements. We largely dispense with the use of temporary workers. In accordance with these basic principles, fixed-term agreements are only entered into in cases where there is a temporarily heavy workload, which relates primarily to temporary workers. Even new hires may initially be subject to a fixed-term employment arrangement. In 2021, the proportion of fixed-term employment agreements within the Group was 10.2 % (previous year: 9.3 %). The share of part-time positions remained constant year on year (14.1 %).

10.2 %
Share of fixed-term employment agreements
(2020: 9.3 %)

In accordance with our principles, we take targeted action to foster an environment in which permanent employees identify with the Company. These principles apply in equal measure to blue-collar workers, salaried employees and the sales force. As an employer, we ensure that employees' pay is in line with performance and industry standards. As well as the base salary, we provide employee benefits and – if business is good enough – pay out bonuses for achieving collective or individual targets.

Work-life balance

As well as financial performance and the numerous training and development opportunities on offer, Dermapharm sets great store in striking the right balance between home and work life. This also includes 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.

Sadly, in 2021 again, larger office parties and company picnics could not be held due to continuing restrictions in response to the pandemic. Management granted employees at the Brehna site a EUR 50.00 budget to hold smaller departmental events and were thus able to enjoy a variety of activities together in summer and autumn 2021. Although a Christmas party had been planned and organised, it had to be called off at short notice as COVID-19 restrictions were reimposed in November 2021.

We also take a forward-looking approach to working hours that takes into account our employees' needs. As well as offering part-time working hours, we always strive to take into account our employees' family and social situations as part of an employee-focused assessment. This applies to both the flexitime model for salaried employees and to the working time models for blue-collar workers. This may include agreeing day shift models for young mothers with small children who originally signed a regular shift work contract, as well as the entitlement to return to full-time employment, or preferential holiday planning for employees with children. Establishing annual and monthly working hours accounts 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.

Diversity at Dermapharm

At Dermapharm, all employees work closely together, irrespective of their age, skin colour, religion, identity or sexual orientation. We treat this diversity as the foundation for our corporate culture and as such take steps to actively promote it among our employees. The Company creates an environment in which employees can integrate while preserving their identities. It also encourages them 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 origin, gender, sexual preferences or religion, and this is laid down officially in our Code of Conduct. Suspected cases of discrimination can be reported anonymously. Please see the section "Governance and compliance" on page 30 for further information.

This approach results in a multicultural and diverse working environment in which the varied educational backgrounds of the employees in the individual teams ensures a first-rate working atmosphere and forms the basis for the Group's business success. With a balanced age structure (average age in 2021: 42.5 years) and a staff turnover rate of 12.8 % (previous year: 6.3 %), we see ourselves as well placed to face future challenges.

12.8 %
Employee turnover
(2020: 6.3 %)

The share of women employed across the Group as a whole amounted to 58.4 % in 2021 (previous year: 59.9 %). The figure was 26.3 % in the first level of management and 50.8 % in the second level of management. Across both levels, 47.5 % of all managerial positions were held by women (2020: 48.9 %). We therefore already exceed our internal targets for the share of women in the first and second levels of management (35 % in each case). Nevertheless, we want to continue increasing the share of women in management positions.

58.4 %
Women in leadership roles
(2020: 59.9 %)

By setting up accessible workplaces, we are also putting in place the framework to further increase the proportion of employees with disabilities at the Company. The share decreased slightly within the Group to 2.6 % in 2021 (2020: 2.9 %).

Company suggestion scheme

122
Number of employee suggestions
(2020: 93)

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 122 suggestions were submitted over 2021 as a whole, just under 31 % more than in 2020 (93 suggestions).

Health and safety

The health and safety of our employees is a major priority for us. We consider it our duty to minimise potential health and safety risks to the extent possible.

OHS – SYSTEMATIC IS BETTER

OHS management system

In 2021, the focus was on the guidelines: OHS – Systematic is better. Trommsdorff GmbH & Co. KG was the frontrunner. Occupational health and safety is already fully integrated into its Quality Management Manual. mibe followed this example, and with the assistance of Trommsdorff and Group executives, it formed a project group to develop a DIN ISO 45001-based occupational health and safety management system to be introduced in Brehna beginning in 2022. This concept is intended to be implemented at other Group companies as well.

Modern occupational health management system

A formal occupational health management system has been in place for many years at the main manufacturing facility in Brehna. This project serves as an example for the entire Group. Besides promoting health, company integration management and absenteeism management, our occupational health management system also covers workplace health and safety. We are guided by business management objectives and coordinate the respective measures in accordance with company policy, personnel and organisational development In addition, accident monitoring at this location was improved through the measures to optimise the centralised first-aid log. Our objective for 2022 is to improve accident monitoring throughout the Group. This will make it possible to prevent further accidents and effectively enhance workplace safety.

As well as reacting to situations, a key element of the Group's overall health policy is also to take preventative action. At many Dermapharm locations we offer our 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.

All new hires or internal transfers receive training on product and service safety. This regular training is provided to all existing employees every three years. In 2021, there was a total of 31 reportable workplace accidents with lost time of three or more days. This corresponds to a rate of 13.3 per

thousand employees (2020: 39 accidents, 16.0 per thousand employees). As in the previous year, there were no fatal workplace accidents at Dermapharm.

13.3
1,000-man ratio
(2020: 16.0)

Company physicians as a central point of contact

Together with the respective occupational health centres, Dermapharm carries out and evaluates health-related measures at the respective locations 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 Regulation 2. The centres function as a first point of contact in issues relating to health and safety. They combine 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 requirements. Medical issues are addressed regularly and possible solutions are identified in the context of occupational safety committees or employee training. 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 information relating to all aspects of health protection, particularly how to prevent chronic occupational illnesses. The company physicians also assist in conducting risk assessments by regularly carrying out workplace inspections and help plan and design safer workplaces. For example, our 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 trusted partner for employees with suspected psychological or addiction problems.

8. GOVERNANCE AND COMPLIANCE

Values and stakeholder dialogue

Trust and integrity are among the most important of the values that underpin our corporate culture and lay the groundwork for the Group's success. The objective of the compliance regulations is to promote responsible and ethical conduct by managers and employees. Our aim is to counteract possible violations before they occur and work systematically to prevent them. To ensure these standards, the Group has put in place a Compliance Management System (CMS) that defines clear rules, processes and responsibilities. These are contained in our Compliance Manual. Its content has already been communicated to employees via our new e-learning system.

We attach great importance to fostering a culture of mutual trust and respect in which the equal opportunities and diversity of our employees are actively promoted. We have a policy of zero tolerance towards discrimination on the basis of age, origin, gender, disability, ideology, sexual orientation or other individual characteristics. Gender equality is a core element of our corporate policy. In 2021, women accounted for 58 % of all Dermapharm Group employees (previous year: 60 %). Two of the four members of the Board of Management – Karin Samusch and Hilde Neumeyer – are women.

The elements of responsible management

Compliance Officer

Guidelines of the Federal Association of the Pharmaceutical Industry (Bundesverband der Pharmazeutischen Industrie e.V., BPI)

Group-wide Code of Conduct

German Corporate Governance Code (DCGK)

Employee manuals

Anti-corruption law for healthcare

Stakeholder engagement

Dermapharm seeks constant contact and dialogue with all relevant stakeholder groups. This includes in particular employees, customers and suppliers, as well as investors, analysts and banks.

We believe that diversity and open communication is a strength. We proactively address a range of ideas and views in every area and at every level at Dermapharm. Doing so enables us to identify divergent interests early on, develop solutions through dialogue and de-escalate potential collective disputes from the word go. We hold a great deal of respect for employee representatives and collective wage agreements at individual locations. Legacy structures and corporate cultures at acquired locations are developed further through a process of open dialogue. In addition, a company suggestion box offers employees the opportunity to have their say on how workplaces and methods are optimised. Moreover, company-wide events offer opportunities for informal exchanges of ideas, and strengthen employees' identification with the Group.

We maintain regular contact with our customers through our professional, customer-focused external sales force, key account managers and a call centre. We also regularly engage with our end consumers. In addition to useful information and brochures on our website, we also offer the ability to contact us directly by phone, e-mail or online.

Dermapharm's suppliers are qualified in accordance with the EU's regulations for the manufacture of pharmaceuticals. This qualification entails not only continuous quality assessment, but also scheduled audits of their manufacturing facilities by internal employees or third-party assessors with the requisite qualifications. This also applies to suppliers who themselves

are not manufacturers. All suppliers must undergo qualification pursuant to the applicable EU standards (GMP rules), regardless of their location.

In the global procurement market for active ingredients, Asian countries represent the most significant supply sources. It goes without saying that the Group also has suppliers there. Our own local employees assist us in maintaining close, direct contact with our suppliers in these countries.

We also place utmost priority on active dialogue with investors, analysts and banks. In that connection, we regularly provide information on the Group's development via the usual capital market communication channels. Due to our listing on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange, we are required to meet the greatest-possible transparency requirements. This also includes holding an Annual General Meeting. Beyond our legal obligations, we aim to foster constructive dialogue by participating in a variety of international analysts' and investors' conferences, as well as roadshows and one-on-one meetings. Furthermore, we offer teleconferences with webcasts on a regular and ad hoc basis. We make all relevant information on the Group's development available in German and English at https://ir.dermapharm.de.

Dermapharm Holding SE's Annual General Meeting was held on 23 June 2021 at 10:00 a.m. as a virtual Annual General Meeting, conducted at Dermapharm's offices. Shareholders were able to follow the proceedings online during the entire duration of the Annual General Meeting. The CEO's presentation and the voting results are posted at https://ir.dermapharm.de. Britta Hamberger, Head of Investor Relations & Corporate Communications, was present at during the entire Annual General Meeting as a proxy and stood available as a contact person.

The next Annual General Meeting will also be held as a virtual Annual General Meeting, on 1 June 2022 at 10:00 a.m. at Dermapharm's offices.

Responsibility and fairness

It is the responsibility of each and every employee to implement our core values. Our managers lead by example and genuinely embody our corporate ethos. We believe our role is not only to implement our own policies but to also comply with statutory requirements. We also respect internationally recognised human rights and the Charter of Fundamental Rights of the European Union and act to ensure compliance with these. We also constantly strive to comply with national requirements and support the UK Modern Slavery Act. We categorically reject all forms of forced and

Regular capital market communication

4 Financial reports

4 Webcasts / phone conferences

21 Conferences and roadshows

1 Annual General Meeting

16 Corporate news and ad hoc announcements

Regular exchanges with investors, analysts and the media

child labour. When selecting suppliers from third countries, we are further developing the auditing procedures in accordance with existing audit plans to ensure even closer monitoring of compliance with human rights. As well as compliance with human rights, going forward we will also focus more closely on minimum environmental standards in the context of this audit process. Moreover, since July 2021, suppliers from third countries are required to complete a risk-based questionnaire covering labour law and working conditions, among other things. In 2021, we did not become aware of any violations of human rights or environmental standards in our supply chain.

Fair competition

To remain successful in the future, one particular concern of ours is to uphold fair competition. Our understanding of ethical business practices rules out taking any part whatsoever in corruption, money laundering, terrorist financing, inside trading, market manipulation, bribery or other illegal activities. This includes a blanket ban on bribes to expedite official procedures. Suspicious transactions are reported to the competent compliance officer immediately and looked into. No such incidents of unethical conduct were reported within the Group in 2021. Detailed information on avoiding bribery and corruption can be found as part of our comprehensive anti-corruption policy on pages 10–15 of Dermapharm's current Code of Conduct.

Donations are only granted under certain circumstances and are carefully reviewed in order to rule out potential conflicts of interest. In 2021, the Dermapharm Group donated to environmental, social, educational and other institutions as well as to the City of Stolberg, which was devastated by once-in-a-century flooding.

Responsible marketing

Dermapharm AG is bound by and ensures strict compliance with the German Act on the Advertising of Medicinal Products (*Heilmittelwerbegesetz*, "HWG"). The HWG defines binding rules and regulations for the advertising of pharmaceuticals, medical devices and other medicinal products and procedures in Germany. For example, the HWG prohibits advertising that features false or untrue statements about the effects of medicinal products and therapeutic procedures and advertising claims that suggest "guaranteed outcomes" from a medication or treatment method (ban on misleading advertising). The HWG also makes it illegal to advertise pharmaceuticals that are not approved in accordance with the German Medicinal Products Act despite an obligation to do so. In addition, the HWG stipulates that advertisements for pharmaceuticals must include a series of mandatory statements that help "objectify" each and very advert.

As a member of the German Pharmaceuticals Industry Association (*Bundesverband der Pharmazeutischen Industrie e.V.*, "BPI"), we have also made a commitment to comply with the Code of Conduct of Arzneimittel und Kooperation im Gesundheitswesen e. V. (AKG), a leading association dedicated to promoting compliance in the pharmaceuticals industry. The AKG Code of Conduct governs product-related advertising for pharmaceuticals applied in humans within the meaning of § 2 AMG if it relates to a prescription pharmaceutical for human use and the advertisement is targeted at the specialist community. We are also guided by the Code of Conduct of Pro Generika, which lays down rules of conduct for firms that offer prescription generic pharmaceuticals in the German market. This code of conduct aims to ensure that the demand for prescription pharmaceuticals in Germany is based on appropriate criteria.

BPI Bundesverband der Pharmazeutischen Industrie e.V.

akg Arzneimittel und Kooperation im Gesundheitswesen AKG e.V.
Prävention vor Sanktion

8 DECENT WORK AND ECONOMIC GROWTH

17 PARTNERSHIPS FOR THE GOALS

Compliance and ethical trials

Data protection

Given the onward march of digitalisation, data protection is a topic that no business can avoid. We also respect the privacy of our customers, suppliers, partners and employees and comply with the legislation enacted to protect it, such as the EU General Data Protection Regulation (GDPR). We process personal data solely for clearly specified and legally permitted purposes. Our data protection officer reviews the confidential handling of data and compliance with the respective legislation.

Compliance officers

Eight compliance officers are currently responsible for monitoring Group-wide observance of the compliance guidelines. They report to the Chief Compliance Officer (CCO). In addition, all employees have access to an anonymous whistleblower system to report potential compliance violations. Any reported violations will be investigated according to professional standards and, depending on the individual case, may lead to disciplinary action under employment or contract law or to criminal prosecution by investigative authorities and as well as judicial authorities. Reports received and incidents are reported to the Board of Management on a quarterly basis. No violation of the Group-wide compliance policies was reported via the whistleblower system in 2021.

You can find out more about the compliance system in the risk report section of the Annual Report and in the Compliance Manual, which is available online on the Company's IR website. The Compliance Manual is available in all seven national languages of our subsidiaries. Those employees who do not have access to a PC workstation are provided with a hard copy of the Compliance Manual (printed on A5 paper to conserve resources). We also offer a comprehensive online course on compliance topics via the eCampus training platform.

Bioethics issues

Our research and development activities are focused on developing products with known active ingredients that are either manufactured synthetically or derived from plant sources.

As part of authorisation procedures, we also conduct clinical trials for this purpose. Depending on the area of application of the future product, these may also include under-age patients. The conduct of a clinical trial is always a "multi-party endeavour" and therefore always involves close cooperation with third parties, such as physicians and practices which possess the statutory authorisations and qualifications. As the client, we are solely responsible for clinical development trials. All activities which we are not ourselves able to carry out in the course of a trial are subcontracted. In such cases, we retain the principal responsibility for conducting the respective trial. The results of these trials are published and made available in accordance with the applicable statutory requirements. It is not necessary for Dermapharm to conduct genetic research on trial participants or harvest human embryonic stem cells for this purpose. With the exception of blood samples, we do not take any human biological samples. The blood samples obtained are stored only for as long as necessary for the required analysis and serve to ensure the safety of trial subjects. As required by law, the trial patients are informed about all measures planned, including those related to the blood samples taken, and can withdraw their consent for the further processing of these samples at any time. In this case, the samples are destroyed immediately without further analysis. There is no need to interact with patient groups in any form whatsoever in connection with conducting our clinical trials, since the development of new medications is limited to previously known and researched active ingredients and the trials therefore do not entail fundamental research.

Since Dermapharm does not develop products that give rise to bioethics issues, there is no need for a separate corporate body to deal with specific issues relating to bioethics. However, all clinical trials carried out as part of marketing authorisation procedures are submitted to external public law ethics committees. These ethics committees are registered in agreement between the Federal Institute for Drugs and Medical Devices and the Paul Ehrlich Institute in accordance with § 41a (3) AMG. The list of registered ethics committees is published once a year in the Federal Gazette (*Bundesanzeiger*). Clinical trials may not be conducted without approval from an ethics committee. Which ethics committee is selected depends on the location of the respective participant test centre and varies from study to study. All clinical trials carried out by Dermapharm furthermore comply with the Good Clinical Practice (GCP) guidelines as formulated in Directive 2001/20/EC.

This includes appropriate staff training, further education, self-inspections and audits for all those involved in conducting clinical trials. The majority of the studies are conducted either in Germany or in neighbouring EU countries. Compliance with the GCP guidelines is strictly monitored in these

countries. Our clinical trials are recorded in the European Union clinical trials register and those that are approved in the EU are published.

2021
No animal testing

In the context of product development, we concentrate on known active ingredients. As a rule, no animal testing is required for these products, and consequently our Company does not have a separate committee to deal with that set of issues. Animal testing may be necessary in the case of a respective official requirement, for instance to avoid conducting clinical trials on humans. Any necessary animal testing is only conducted in observance of strict ethical standards, one key example being the principle of the 3Rs – replacement, reduction and refinement. Dermapharm did not conduct animal testing in 2021.

On the basis of EU legislation, each member state must follow the same rules and regulations relating to marketing authorisation and monitoring of pharmaceuticals. This involves a regular exchange of information on pharmaceutical regulation, including notifications of side effects caused by pharmaceuticals, supervision of clinical trials and inspections carried out at pharmaceutical manufacturers. Compliance with good practices is also reported. These include Good Clinical Practice (GCP), Good Manufacturing Practice (GMP), Good Distribution Practice (GDP) and Good Pharmacovigilance Practice (GVP).

In addition, our clinical trials conducted in accordance with the GCP of the International Committee on Harmonization (ICH) comply with the Ethical Principles for Medical Research Involving Human Subjects developed by the World Medical Association (WMA). The objective of the ICH is to harmonise the assessment criteria applicable to pharmaceuticals for human use as the basis for marketing authorisations in Europe, the USA and Japan. By consensus, the ICH develops uniform recommendations to assess the quality, efficacy and safety of pharmaceuticals in a multi-stage procedure.

9. 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:

SDG 3 – Good health and well-being

We make a special contribution to improving the availability and affordability of medicines through the production of off-patent medicines and the parallel import business of our subsidiary axicorp, which makes medicines more affordable for patients.

SDG 4 – Quality Education

In addition to actively promoting training and (dual) study programmes, we focus on targeted management training. Through our "Dermapharm eCampus," we offer our employees a digital training platform for independent continuing education, thus supporting lifelong learning within the Group.

SDG 5 – Gender Equality

With nearly 60 % of positions in the company and 50 % of positions on the Board of Management held by women, we demonstrate that we are creating the right conditions and opportunities to enable the best possible work/life balance.

SDG	Section
3 GOOD HEALTH AND WELL-BEING	Product safety and quality (Pages 22–23) Employee-related topics (Pages 26–29) Governance and Compliance (Page 31)
4 QUALITY EDUCATION	Employee-related topics (Pages 24–26)
5 GENDER EQUALITY	Employee-related topics (Pages 26–28) Governance and Compliance (Page 29)
7 AFFORDABLE AND CLEAN ENERGY	Environmental indicators (Page 30)
8 DECENT WORK AND ECONOMIC GROWTH	Employee-related topics (Pages 24–25) Governance and Compliance (Page 32)

SDG	Section
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Environmental indicators (Page 13) Employee-related topics (Page 27)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Environmental indicators (Page 19–20) Product safety and quality (Pages 22–23)
13 CLIMATE ACTION	Environmental indicators (Pages 12–17, 19–21)
17 PARTNERSHIPS FOR THE GOALS	Governance and Compliance (Pages 30–32, 34)

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