CSR REPORT

2020

Dermapharm Holding SE

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1. FOREWORD BY THE MANAGEMENT BOARD

Dear Ladies and Gentlemen,
Dear shareholders,

Acting responsibly in how we treat our employees and the environment not only furthers Dermapharm's business objectives, it also underpins the good relationship we have with our stakeholders and locks in our long-term economic success. In order to make the best possible use of our own resources and drive forward the sustainable development of the Company, we focus on continually improving our organisational structures and control instruments.

We leverage our business in an effort to add measurable value and make a clear contribution to society. Consequently, as a company we also support the Sustainable Development Goals (SDGs) agreed by the United Nations as a global blueprint to uphold peace and prosperity and to protect the planet. They include "Good health and wellbeing", "Quality education", "Gender equality", "Decent work and economic growth" and "Climate action".

Climate change in particular poses a complex challenge for humanity and thus also impacts the way we do business. Our Group is rising to this challenge and has implemented various initiatives. We are seeking opportunities throughout our business areas and activities to save energy, reduce waste and make use of sustainable resources. Our aim in doing so is to create added value for Dermapharm, society and our environment and to raise awareness on all sides of the need to work together in a spirit of shared responsibility.

For disclosures on our resource and energy management at all of our production locations in German-speaking countries, please see page 12 onwards in this report. Roughly 90 % of our branded pharmaceuticals and other healthcare products are manufactured in Germany. By employing new plants, adhering to the latest standards and regularly streamlining our locations we are helping to conserve resources throughout the Group's manufacturing processes.

Besides the responsible use of resources, trust and integrity are among the core principles of our corporate culture. Our Compliance Manual brings together the key values in our dealings with customers, suppliers and employees. Going forward, the key figures from our CRS report, which is published each year at the same time as our annual report, will also be available on our website.

As well as ensuring transparency for our shareholders, we also want to give our employees ease of access to these and other key sources of information, and as such we implemented "Dermapharm eCampus", a Group-wide e-learning management system, in 2020. This supplements the training and education content on offer to our employees in the form of in-person events, thus ensuring up-to-the-minute and efficient access to corporate rules and regulations, specialist knowledge and our corporate values.

In addition, we attach great importance to retaining our employees in the long term at fair and competitive conditions. We achieve this by ensuring that employees' pay is in line with performance and industry standards, by treating our staff as partners and by taking targeted action to nurture and further develop talent. We also foster a culture of mutual trust and respect by upholding equal opportunities, promoting diversity and taking a forward-looking approach to working hours, in which we take the needs of our employees into account.

This report details the sustainability aspects of our entire value chain. In this context, we take a closer look at our resource and energy management, how we show our appreciation to our employees and support their development, how we ensure product safety, and compliance-related topics.

We are pleased to share our data and initiatives on the topics of social responsibility and sustainability with you in this report and hope you enjoy reading it.

Grünwald, 12 April 2021

The Management Board

MEMBERS OF THE MANAGEMENT BOARD

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

Reference to Frameworks

The Dermapharm Group'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. Most of the detailed performance indicators – particularly relating to environmental aspects – focus primarily on the production locations in German-speaking countries. Supplementary information about the subsidiaries based abroad is given where necessary, and limited disclosures on sustainability performance indicators are communicated in a transparent manner.

The 2020 CSR Report also serves as the Dermapharm Group's non-financial report for financial year 2020 within the meaning of § 289c to 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. A GRI Index will soon be made aviable on the website of Dermapharm. In addition, this is the first report in which we present how our activities contribute to the 17 Sustainable Development Goals (SDGs). The SDG Index on page 34 shows where the respective SDGs can be found on the following pages.

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 Dermapharm 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.

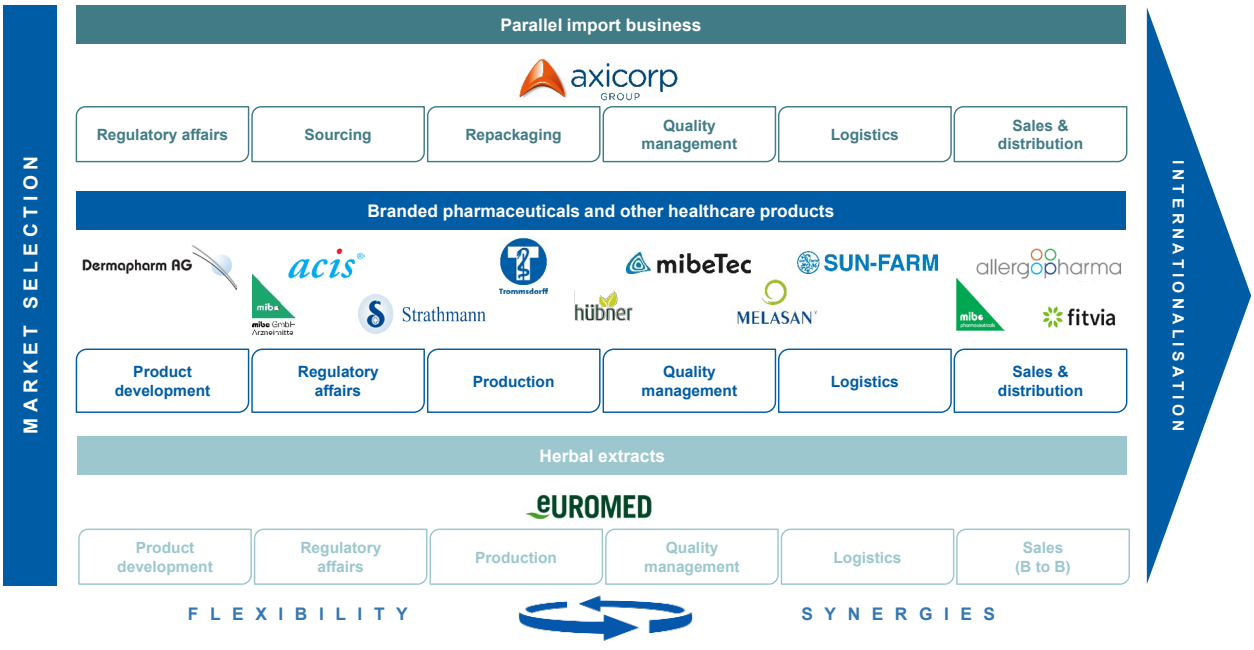
3. BUSINESS MODEL AND STRATEGY

Business model of Dermapharm Holding SE

Dermapharm Holding SE (together with its consolidated subsidiaries referred to as "Dermapharm") is a rapidly growing manufacturer of branded pharmaceuticals for selected therapeutic areas in Germany, with a growing international presence. Our Company currently focuses on the three divisions "Branded pharmaceuticals and other healthcare products", "Herbal extracts" and the "Parallel import business". Dermapharm'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 internationalisation and targeted M&A activities across all divisions.

Our business model follows an integrated, holistic approach in all divisions. We use our own resources to develop, manufacture and market our products. In doing so, we establish long-term relationships with our business partners and form transparent and audited supply chains. Our production locations are in Germany and other european countries, which enables us to achieve highest quality and environmental standards to the benefit of our patients and to protect the environment.

Dermapharm Holding SE's integrated business model



Branded pharmaceuticals and other healthcare products

By pursuing a targeted acquisition strategy and engaging in our own product development, we have developed a broad portfolio of branded pharmaceuticals in lucrative niche markets. We also offer a growing portfolio of other healthcare products such as medical devices, food supplements and cosmetics. Our extensive range of pharmaceuticals and healthcare products currently comprises more than 380 active pharmaceutical ingredients and more than 1,300 national and international marketing authorisations. The majority of these are produced in-house and sold internationally via our distribution organisation.

As a medium-sized corporate group, we are committed to our partners such as doctors and pharmacists and especially to our patients. The Group's product portfolio in our core therapeutic areas covers a broad spectrum of groups of active ingredients in varying dosage forms and strengths. This allows us to offer many different solutions for individual medical needs. According to the market research firm INSIGHT Health[1], Dermapharm is the market leader in the therapeutic areas of "prescription dermatologics" and "systemic corticoids" in Germany, based on the number of prescriptions written by doctors registered there. We are also represented in the therapeutic areas of "vitamins/minerals/enzymes", "women's healthcare", "pain treatment" and "ophthalmologics". Dermapharm has very strong brands in these therapeutic areas. According to INSIGHT Health, products such as Dekristol® 20,000 I.U., Keltican®, Tromcardin®, Acicutan® and Ketozolin® are leading brands in their respective therapeutic areas.

Herbal extracts

Spanish subsidiary Euromed, a leading manufacturer of standardised herbal extracts for the pharmaceutical and cosmetics industries, has expanded our own value chain to include access to herbal raw materials and natural active ingredients.

Euromed's broad product range is manufactured in-house at modern development and production facilities using patented processes and marketed in 42 countries via a B2B distribution model. Dermapharm increasingly uses selected herbal extracts to manufacture its own products.

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[2] 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. The products are sold via direct marketing activities.

According to INSIGHT Health, axicorp is Germany's fifth-largest parallel importer in terms of gross revenue in 2020 and can supply most of the prescription originator pharmaceuticals available on the German parallel import market.

[1] The services offered by INSIGHT Health include market research data for firms in the pharmaceutical industry, pharmacies, medical associations, health insurers and academic and political institutions.

[2] An originator pharmaceutical is an approved pharmaceutical that is the first to enable a specific active ingredient to be used for therapeutic purposes.

Dermapharm's business strategy

Dermapharm aims to systematically leverage not only organic but also external growth opportunities. By doing so, it hopes to continue to build on its positive performance of recent years and further expand the strong position of its three divisions: "Branded pharmaceuticals and other healthcare products", "Herbal extracts" and the "Parallel import business".

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

Internationalisation

In order to further expand our business with branded pharmaceuticals and other healthcare products, we have formed subsidiaries in the United Kingdom, Italy, Spain, Ukraine, Poland, the United States and other countries and have hired sales and distribution managers who are intimately familiar with their respective territories. Selected authorised products from our successful product portfolio are transferred to the companies in order to build up the product range, ensuring that we will gradually enlarge our portfolio and the respective sales and distribution structures as we expand into new markets. For instance, we are expanding into other countries in Europe, Asia and the Americas with our CE-certified and internationally patented medical devices bite away® and Herpotherm®. Furthermore, by acquiring international companies, we are driving forward the Group's internationalisation efforts.

M&A activities

Obtaining new authorisations and acquiring products and companies has always been part of Dermapharm's business strategy and a key success factor for continued growth. Since the Company's formation in 1991, we have steadily expanded our 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 our offering in growth markets. We also strive to further increase the potential of the newly acquired companies by optimising processes and incorporating the companies in our production and logistics structures. We continually review specific growth opportunities and pursue promising options that fit our strategy.

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 31 in the 2020 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 12–17)

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 17–18)

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 20–21)

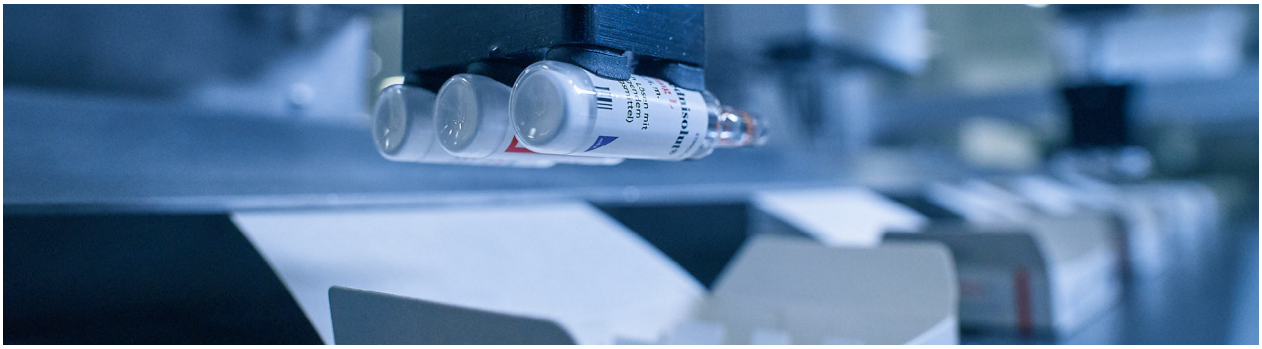
Our utmost priority is the well-being of our customers. We ensure a consistently high level of product quality through compliance with numerous audited and certified production and distribution standards such as the Good Pharmacovigilance Practices or Good Manufacturing Practices. In 2020, we became a production partner for the Comirnaty® vaccine developed by BioNTech SE – just one example of the contribution made by our good reputation.

Strengthening our workforce
(pages 23–27)

Skilled, motivated and healthy employees are key to the Group'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 29–33)

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.



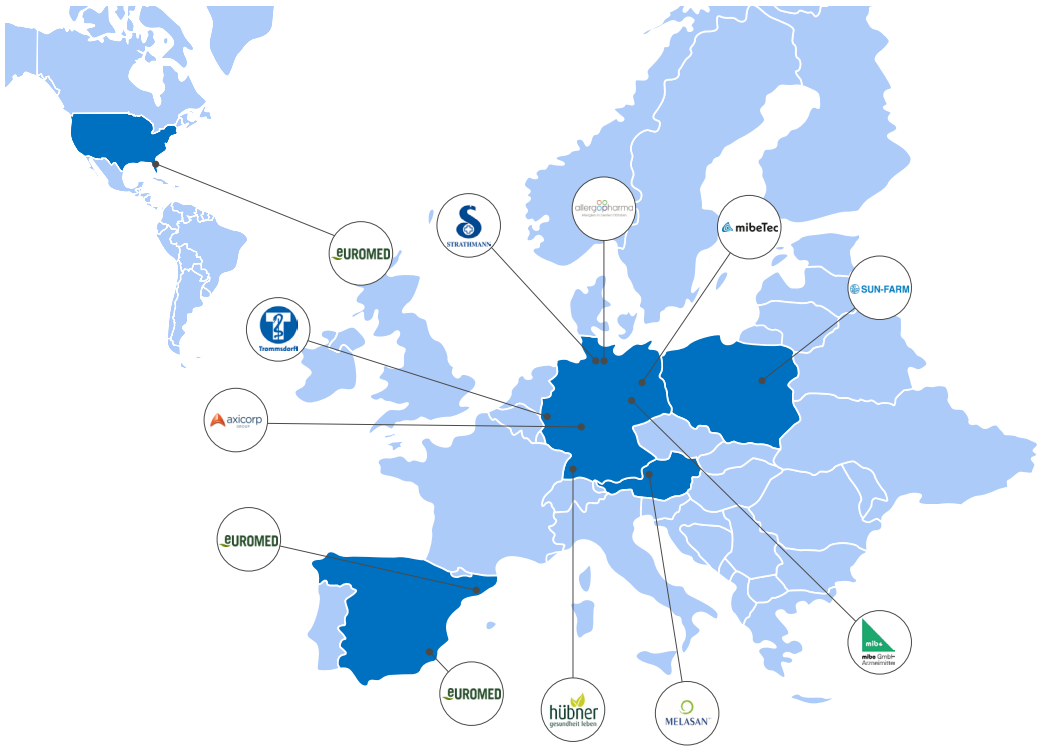
4. ENVIRONMENTAL INDICATORS

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 12 sites across a total of five countries (Germany, Poland, Austria, Spain 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 BUILDINGS: ENERGY EFFICIENCY

Conversion and new buildings for more environmentally friendly production

We commissioned a new logistics centre in Brehna at the end of 2019. The centre complies with Good Distribution Practice (GDP), a set of standards adopted by the EU in 2013 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 use insulation from the green roof and nightly ventilation to comply with the storage requirements. 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 can satisfy 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.

New construction of a production facility with administration and warehouse at axicorp in Friedrichsdorf (exemplary model)

In autumn 2020, we launched another new construction project at subsidiary axicorp, with a state-of-the-art production, storage and administration building set to replace the former leased premises. As well as meeting the energy standards currently in force (EnEV) in 2020, three-quarters of the roofing space is designed as an extensive green roof. Energy demand will be 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.

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

Construction of a new production facility for administration and warehousing at Melasan in Neumarkt am Wallersee (Austria)

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. In addition, we check our production sites as part of regular energy audits. The production sites of mibe, Anton Hübner and Trommsdorff were last analysed in 2019 in accordance with DIN EN 16247-1. Within the production sites of Allergopharma and Melasan, an energy audit is planned for the end of 2021. In addition, the knowledge gained about potential energy savings will be taken into account in the planning of projects such as the new axicorp building.

Planned environmental management system

Plans are currently in place to launch an environmental management system for several Dermapharm Group companies. This is to be 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 2021, the corresponding certification will be drawn up for the first time within the Dermapharm 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.

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. Given that a third of primary energy is consumed by the air conditioning of buildings, one step taken was to exchange an air conditioning unit at the Brehna site that over time had become inefficient. In addition, 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. Absolute electricity consumption rose from 10.9 million kWh in 2019 to 17.2 million kWh in 2020, which was mainly due to the inclusion of Allergopharma in the figure. 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 only risen by roughly 19 % since 2016. This is due to the expansion of production capacities.

Electricity consumption at 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, Trommsdorff, NO DIA
2019	10,855	mibe, hübner, axicorp, MELASAN, STRATHMANN, Trommsdorff, NO DIA
2020	17,224	mibe, hübner, axicorp, MELASAN, STRATHMANN, Trommsdorff, allergopharma

The increase in natural gas consumption is also due primarily to the acquisition of Allergopharma. The figure for the Dermapharm Group's sites in German-speaking countries rose from 12.3 million kWh in 2019 to 19.3 million kWh in 2020. The absolute natural gas consumption of companies that were already part of the Group before 2018 has only increased by just under 9 % since 2016.

13 CLIMATE ACTION

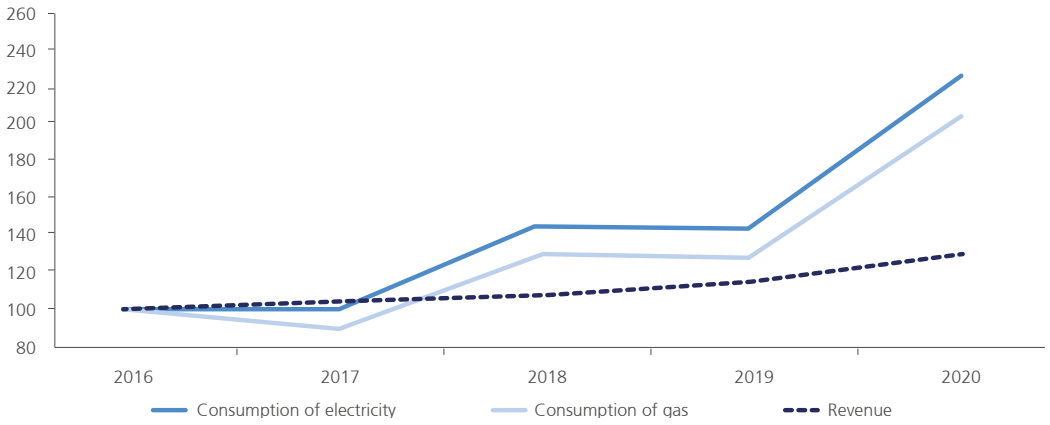
Natural gas consumption at production sites in German-speaking countries

Year	Natural gas consumption in MWh	Group of consolidated companies
2016	9,476	
2017	8,899	
2018	12,515	
2019	12,307	
2020	19,348	

Taking into consideration revenue development at the Dermapharm Group's production sites in German-speaking countries, the energy-intensive production operations at Allergopharma (subject to first-time consolidation in 2020) makes it difficult to compare the figures with those of prior years. At the four companies that were already part of the Dermapharm Group prior to 2018, electricity consumption in relation to their revenue contribution increased by just 2.7 percentage points in 2020, with the corresponding figure for natural gas consumption rising by 9.4 percentage points. The reason for the disproportionate increase in energy consumption at these four companies in 2020 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.

Electricity and natural gas consumption at the production sites in German-speaking countries from 2016 to 2020 in relation to their revenue development*



*Baseline 2016 = 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 example, a joint concept for rainwater infiltration is currently being implemented in Brehna.

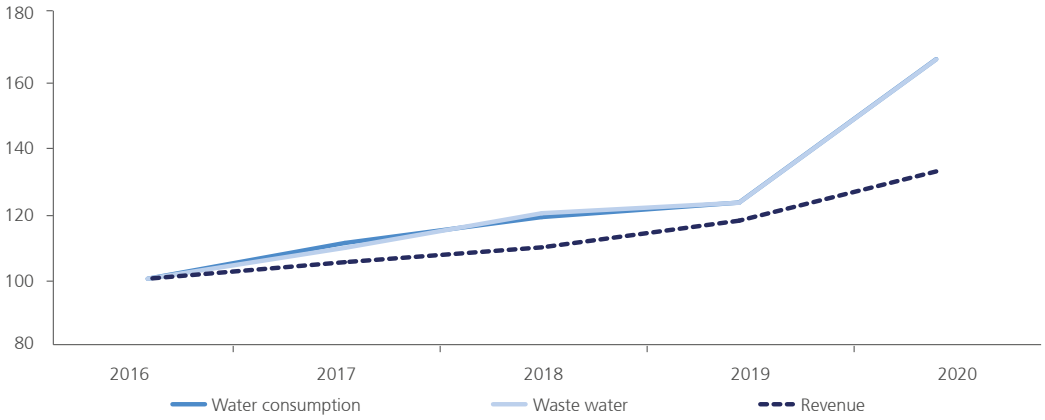
Water and waste water consumption at production sites in German-speaking countries

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	

The steps taken at mibe's site in Brehna already produced significant effects in 2020, with water consumption almost halved to some 18,800 m³ from roughly 35,300 m³ in 2019. The absolute consumption of both water and waste water rose by 35.5 % at the Dermapharm Group's production sites in German-speaking countries in 2020, which was mainly due to the acquisition of Allergopharma.

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 production sites in German-speaking countries from 2016 to 2020 in relation to their revenue development*



*Baseline 2016 = 100 index points each

Resource efficiency and waste

Waste management at Dermapharm 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.

In 2020, the amount of waste produced at the production sites in German-speaking countries decreased from 4,223 tonnes to 1,589 tonnes. The waste figures for 2018 and 2019 were affected in particular by the significant increase in paper and cardboard waste at Strathmann/Biokirch, since large quantities were removed from the storage facility and archive at this subsidiary during its relocation. Thus, more than 3,000 tonnes of paper and cardboard waste was attributable to Strathmann/Biokirch in 2019. After paper and cardboard, the two major waste types in 2020 were pharmaceutical waste and municipal waste.

Waste quantities at production sites in German-speaking countries

Year	Waste quantities in tonnes	Group of consolidated companies
2016	789	mibe, hübner, axicorp, MELASAN
2017	702	mibe, hübner, axicorp, MELASAN
2018	2,218	mibe, hübner, axicorp, MELASAN, STRATHMANN, Trommsdorff, Biokirch
2019	4,223	mibe, hübner, axicorp, MELASAN, STRATHMANN, Trommsdorff, Biokirch
2020	1,589	mibe, hübner, axicorp, MELASAN, STRATHMANN, Trommsdorff, allergopharma

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 will 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.

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 herbal extracts 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 Florida and a small part of Georgia, USA.

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.

Saw palmetto berries used by Euromed in many ways

5. PRODUCT SAFETY AND QUALITY

Processes and Norms

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. We are certified in accordance with the applicable EU quality standards. These Good Manufacturing Practice (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 according to 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 Dermapharm Group pharmaceutical packages – packaging defects only, not due to defects in the products themselves – was less than 0.013 % in 2020 (previous year: < 0.004 %). During the COVID-19 pandemic, we have noted a slight decrease in the number of pharmaceutical packages sold. Complaints relating to individual batches were thus weighted somewhat higher and led to a minimal increase in the complaint rate, which nevertheless remains extremely low.

<0.013 %
Complaint rate

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, the Group 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 checks

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 GmbH 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 GmbH 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 GmbH. As part of post-market surveillance, mibeTec GmbH 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.

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 – Verband Forschender Arzneimittelhersteller e.V., BPI – Bundesverband der Pharmazeutischen Industrie e.V., BAH – Bundesverband der Arzneimittel-Hersteller e.V.), 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 the EU-wide IT protection system against pharmaceutical counterfeiting

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

6. 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 goal-oriented communication, constructive criticism 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.

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, the Dermapharm Group provides training for its employees from all areas of the Group. In 2020, 51 young people (previous year: 46) 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 100 % in financial year 2020 (previous year: 86 %)

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 2020, a total of 53 students completed their bachelor's or master's thesis while working at Dermapharm (2019: 31). In addition, Dermapharm supports high-flying students at Martin Luther University Halle-Wittenberg as part of the Deutschlandstipendium national scholarship scheme.

51
Apprentices

100 %
Acquisition rate

53
University theses

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.

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.

OUR NEW DIGITAL TRAINING PLATFORM

Modern continuing education in the new "Dermapharm eCampus"

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 selected sites. 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 will gradually be rolled out to the other Dermapharm Group sites over the course of 2021, and the range of training on offer will continually be expanded. By 2022, we are planning to integrate four other companies within "Dermapharm eCampus". In addition, all employees already have access to specialist training courses available via the online training portal of the German Pharmaceutical Industry Association (Bundesverband der Pharmazeutischen Industrie e.V., "BPI"), BPIeCampus.


Dermapharm eCampus

CERTIFICATE

Ms/Mr

Max Mustermann

successfully participated in the online training

Title e-Learning training

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. In 2020, the proportion of fixed-term employment agreements within the Dermapharm Group was 9.3 % (previous year: 10.5 %). The number of part-time positions rose slightly to 14.1 % (previous year: 13.1 %).

9.3 %
Share of fixed-term contracts
(2019: 10.5 %)

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. In order to strengthen employees' identification with the Company, in previous years we hosted social events at various sites that gave employees the opportunity to meet and talk with the Board of Management and all Company employees in an informal setting. Unfortunately, in-person events such as these had to be cancelled in the past year due to the COVID-19 pandemic. To compensate, for instance instead of a Christmas party employees were sent individual gifts such as culinary gift boxes or vouchers for cultural events, a visit to the zoo or leisure activities, depending on the site.

Preferred vacation planning for employees with children

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 and Employee Engagement

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 29 for further information.

6,3 %
Fluctuation rate
(2019: 6.7 %)

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 Dermapharm Group's business success. With a balanced age structure (average age in 2020: 42.6 years) and a staff turnover rate of 6.3 % (previous year: 6.7 %), we see ourselves as well placed to face future challenges.

The proportion of women across the Dermapharm Group as a whole amounted to 59.9 % in 2020 (previous year: 56.7 %). The figure was 39.3 % in the first level of management and 53.8 % in the second level of management. Across both levels, 48.9 % of all managerial positions were held by women (2019: 47.9 %). We therefore already exceed our internal targets for the proportion of women in the first and second levels of management (35 % in each case). Nevertheless, we want to continue increasing the proportion of women in management positions.

59.9 %
Share of women in the Group
(2019: 56.7 %)

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 figure increased to 2.9 % in 2020 (2019: 1.8 %).

Company suggestion scheme

93
Employee suggestions via the company suggestion scheme
(2019: 57)

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 offline, 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 93 suggestions were submitted over 2020 as a whole, 63 % more than in 2019 (57 suggestions). One employee suggestion implemented in 2020 was to optimise the production process at a Dermapharm subsidiary. There, a bearing block with casing was exchanged to more effectively counter bevel gear wear. Previously, the bevel gears in the associated drive shaft had to be exchanged at yearly intervals, which meant shutting down operations for an extra two days. The improved bearing block – which only took 15 minutes to fit – extended the useful life of the bevel gears to three years. Going forward, this suggestion will not just enable costs to be reduced but will also significantly boost the resource efficiency of the process.

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.

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.

As well as reacting to situations, a key element of the Group's overall health policy is also to take preventative action. At many Group 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. Unfortunately, in the wake of the COVID-19 pandemic, most of these sports programmes had to be cancelled last year.

16.0

1000-man quota (TMQ)

(2019: 17.0)

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 2020, there was a total of 39 reportable workplace accidents with lost time of three or more days. This corresponds to a rate of 16.0 per thousand employees (2019: 31 accidents, 17.0 per thousand employees). As in the previous year, there were no fatal workplace accidents at Dermapharm.

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.

7. 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 Dermapharm'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 2020, women accounted for 60 % of all Dermapharm Group employees (previous year: 57 %). Two of the four members of the Board of Management – Karin Samusch and Hilde Neumeyer – are women.

Elements of responsible corporate governance

- **Compliance Officer**
- **Group-wide Code of Conduct**
- **Employee manuals**
- **Guidelines of the Federal Association of the Pharmaceutical Industry (Bundesverband der Pharmazeutischen Industrie e.V., BPI)**
- **German Corporate Governance Code (DCGK)**
- **Anti-corruption law for healthcare**

Stakeholder involvement

Dermapharm is in constant contact and dialogue with all relevant stakeholder groups. These include in particular employees, customers and suppliers as well as investors, analysts and banks.

We consider diversity and open communication to be a strength. We proactively address different ideas and perceptions in all areas and at all levels of the Group. This enables us to identify different interests at an early stage, work out solutions in dialogue and thus de-escalate possible collective disputes right from the start. We treat employee representatives and collective bargaining agreements at individual sites with a high degree of respect. We continue to develop the structures and corporate cultures that have grown up at the new locations in an open dialogue. To optimise workplaces and working methods, employees also have the opportunity to participate in a company suggestion scheme. In addition, events such as company events provide an opportunity for informal exchange and strengthen identification with the company.

We maintain close contact with our customers through a professional and customer-oriented sales force, key account account managers as well as a call centre. In 2020, around 450,000 contacts came through through our pharmaceutical and commercial sales force. We are also in regular contact with our end consumers. In addition to useful information and advice brochures on our homepage, we therefore also offer the possibility to get in direct contact with us by phone, e-mail or online form.

Dermapharm suppliers are qualified in accordance with EU regulations for the manufacture of medicinal products. This qualification includes both a permanent quality assessment and auditing of the manufacturing

sites by the company's own employees or commissioned, appropriately qualified persons in accordance with defined plans. Supplier qualification is carried out for all suppliers, regardless of their location, in accordance with the applicable EU standards, the so-called GMP (Good Manufacturing Practice) rules.

In the global procurement market for active ingredients, Asian countries are the most important sources of supply. Naturally, suppliers of the Dermapharm Group are also located there. In order to maintain close and direct contact with our suppliers in these countries in particular, we have our own local staff to support us.

Active dialogue with investors, analysts and banks is also a top priority for us. In this context, we regularly provide information on the company's development through the usual channels of capital market communication. By being listed in the regulated market (Prime Standard) of the Frankfurt Stock Exchange, we fulfil the highest possible transparency requirements. This includes an Annual General Meeting. Beyond the legal obligations, we strive to increase our transparency by participating in various international analyst and investor conferences, as well as roadshows and one-on-one meetings. In addition regularly and on special occasions we offer telephone conferences with webcast. All relevant information on the development of the company information on the company's development at www.ir.dermapharm.de in English language.

The Annual General Meeting of Dermapharm Holding SE took place on 17 June 2020, 10:00 a.m. as a virtual Annual General Meeting at the premises of the Company, Lil-Dagover-Ring 7, 82031 Grünwald. Shareholders had the opportunity to follow the Annual General Meeting virtually for the entire duration. The presentation of the Chairman of the Executive Board as well as the voting results can be viewed on the website www.ir.dermapharm.de. As a proxy, Britta Hamberger, responsible for Investor Relations & Corporate Communications, was present during the entire Annual General Meeting and was available as a contact person.

The next Annual General Meeting will again take place as a virtual Annual General Meeting on 23 June 2021, starting at 10:00 a.m., at Dermapharm's premises.

Regular capital market communication

4
Financial reports

4
Webcasts /
Phone conferences

14
Conferences
and Roadshows

1
Annual
General Meeting

14
Corporate news
and ad hoc announcements

Regular exchanges
with investors, analysts
and the media

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 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 obtaining minimum environmental standards in the context of this audit process. In 2020, 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 Dermapharm Group in 2020. 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 2020, the Dermapharm Group donated to environmental, social, educational and other institutions.

Responsible marketing

Dermapharm 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.

BPI Bundesverband der Pharmazeutischen Industrie e.V.

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

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.

Compliance and ethical studies

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 2020.

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 "Dermapharm 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 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.

Since the Group 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 the Dermapharm Group 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.

2020
No animal testing at Dermapharm

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 2020.

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.

17 PARTNERSHIPS FOR THE GOALS

8. SDG INDEX

Our contribution to the UN SDGs

The 17 UN Sustainable Development Goals (SDGs) were adopted in 2015 as part of the "2030 Agenda for Sustainable Development" by all UN member states. These 17 global sustainability goals in areas such as health, education, fair work and the environment are aimed at government and private actors around the world. Also Dermapharm is making a contribution to achieving these goals.

To provide intuitive orientation in this CSR report the SDGs addressed by our sustainability measures are highlighted in the margins. Overall, we can contribute positively to nine of the 17 SDGs.

Meanwhile, we have identified the following three SDGs, to which our business model and our corporate policy contribute to in particular:

SDG 3 - 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) studies, we also focus on targeted management training. With the "Dermapharm eCampus" we offer a digital training platform to our employees for independent further training and thus support lifelong learning within the Group.

SDG 5 - Gender Equality

A share of women of almost 60 % in the company and 50 % on the Executive Board show that we are creating the right framework and opportunities to achieve the best possible balance between family and career as possible.

SDG	Section
3 GOOD HEALTH AND WELL-BEING	Product safety and quality (Pages 20-21, 25-27) Governance and Compliance (Page 30)
4 QUALITY EDUCATION	Employee-related topics (Pages 23-25)
5 GENDER EQUALITY	Employee-related topics (Pages 25-26) Governance and Compliance (Page 29)
7 AFFORDABLE AND CLEAN ENERGY	Environmental indicators (Page 13)
8 DECENT WORK AND ECONOMIC GROWTH	Employee-related topics (Pages 23-24) Governance and Compliance (Page 31)

SDG	Section
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Environmental indicators (Page 13) Employee-related topics (Page 26)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Environmental indicators (Page 18) Product safety and quality (Pages 20-21)
13 CLIMATE ACTION	Environmental indicators (Pages 12-18)
17 PARTNERSHIPS FOR THE GOALS	Governance and Compliance (Pages 29-31, 33)

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For the sake of better readability, we refrain from using both masculine and feminine forms of language throughout this report; however, persons of both male and female gender are always meant equally.

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