



Almirall S.A. and Subsidiaries (Almirall Group)

Directors' report

(Year ended December 31, 2020)

*(Translation of a report originally issued in Spanish. In the event of discrepancy,
the Spanish language version prevails)*

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1. Fiscal year summary: main achievements

FY 2020 was characterized by the impact of the COVID-19 pandemic on the world, and in particular as far as the Group's operations are concerned, the impact it has had on the EU and the United States. The Group's production activities have not been disrupted during the pandemic and the supply of medicines has been carried out as normal. Despite not disrupting production activity, the Group's sales have been negatively impacted as a result of the global economy, as well as by the restriction of people mobility, which has caused both delays and cancellations of product promotion activities, as well as the reduction of global demand from the different countries in which the Group operates.

In this context, it should be noted that the impact of COVID-19 on EU countries has been lower than in the United States as a result of the type of product sold in each of these territories, with the EU market being particularly focused on chronic treatments that have been less impacted whereas in the United States the product portfolio is among the so-called non-essential ones where the falling sales has been more pronounced. It should be noted that the market share of the Group's main products has not been significantly impacted and that most of the decline in sales is in line with the reduction in global demand.

From the point of view of R&D activities, there have been delays in some activities linked to clinical studies given restrictions on access to hospitals that made difficult to recruit new patients. However, Management considers that there has been no significant delay that could affect the long term. The registration process for Tirbanibulin (to be marketed under the brand name Klisyri®) in the EU is ongoing, while in the United States, FDA approval was obtained on December 14, 2020 (launch in early 2021). As for Lebrikizumab's Phase III, the development schedule is maintained with submission to the EMA expected in 2022 and subsequent approval and release in early 2023.

Promotion activities are the ones that have been most affected due to confinement and the measures imposed to prevent contagion. Due to this, various activities such as congresses or medical visits have been canceled and / or postponed, which has caused a slowdown in the sales of some medicines, especially those that do not correspond to chronic diseases. This has been alleviated by the digitization of various processes and activities, which has allowed us to continue interacting with doctors and patients despite the restrictions.

Finally, support and administration activities have continued to be carried out by adopting certain measures of labor flexibility in the different workplaces and in accordance with the exceptional measures established in each country. Telework has generally been chosen in all those functions that would allow it without significant disruption.

The dividend proposed by the Board of Directors on February 21 was finally approved on July 24, 2020, as the General Meeting of Shareholders initially scheduled for May 6, 2020 due to COVID-19 was canceled. The instrumentalization as a Script dividend was maintained and the cash payment amounted to 2.1 million euros (93.8% of the voting rights chose to collect it in shares).

From a liquidity point of view, COVID-19 has not had a significant impact on the Group. The year ended with a cash position amounting to EUR 165.7 million (EUR 117.3 million as of December 31, 2019). This evolution is explained by:

- Solid cash flow from operating activities (EUR +164.2 million), in line with operating profit and collection of a sales milestone resulting from the AstraZeneca agreement, partially offset by the increase in inventories as a result of the various Group launches (Ilumetri, Seysara and the imminent Klisyri®) and the reorganization of production between production centers, for which a safety inventory has been built.
- Net payments from investment activities (EUR -75.7 million) mainly resulting from the license agreement signed with Dermira (payment of two milestones linked to Phase III of Lebrikizumab), the deferred payment linked to the agreement reached with AstraZeneca in 2017, for an amount of EUR 35 million and investments mainly in the production centers of Spain and Germany.
- Net payments from financing activities (EUR -40.9 million) as a result of the repayment of the credit policy of the dependent company Almirall LLC, the payments for interest and derivative financial instruments and the payments for financial leasing.

2. COVID-19 impacts

Note 33 of the accompanying Consolidated Annual Financial Statements summarizes the main impacts of COVID-19 in year 2020.

3. Corporate development

During the year ended December 31, 2020, the following corporate development agreements and relevant facts have taken place:

- On March 2, 2020, it was announced that the European Medicines Agency (EMA) had accepted the submission of the application for a marketing authorization and the application for a new medicinal product for Tirbanibulin, also known as ALM14789 (license acquired to Athenex), as a treatment for actinic keratosis.
- On March 9, 2020, it was announced that the U.S. Food and Drug Administration (FDA) had accepted the submission of the application for marketing authorization and the application for a new drug for Tirbanibulin, also known as ALM14789 (license acquired to Athenex), as a treatment for actinic keratosis.
- On June 25, 2020, Ansiolin® (diazepam) divestment to Neuraxpharm in Italy was announced. The agreement between Neuraxpharm Italia and Almirall includes the two formats marketed in Ansiolin®: Ansiolin® 5 mg tablets and Ansiolin® 5 mg/ml in drops, both marketed in Italy. The conditions for such a transaction to be completed are expected to occur in the second half of 2020.
- On October 10, 2020, the price and reimbursement approval of Ilumetri® (Tildrakizumab) was obtained in France for the treatment of adult patients with severe chronic plaque psoriasis.

4. Evolution of key figures in the consolidated income statement

- Operating income amounted to EUR 814.5 million (-10.6%) due to:
 - Net sales amounted to EUR 807.4 million (-5.6%), as the erosion in sales caused by generics (mainly Aczone in the United States and Solaraze in the EU) and the impact on demand caused by COVID-19 that has been offset by Ilumetri's growth and the allocation of deferred income explained in Note 17 of the accompanying Consolidated annual accounts and the Neuraxpharm signed agreement.
 - Other income fell to 7.1 million euros (-87.2%) due to the achievement of a milestone for reaching sales levels in the first half of 2019 resulting from the agreement with AstraZeneca.
- Gross margin on sales has declined mainly due to the impact of generics.
- R&D costs in the year 2020 amounted to EUR 78.9 million (-14.4%), decreasing slightly due to the increased number of Phase IV studies related to the psoriasis allowance (Skilarence and Ilumetri) that were taking place in 2019, to which we must add delays in some activities due to COVID-19.
- Operating expenses have been reduced by savings generated due to the cancellation and delay of some promotional events and activities as a result of the impact of COVID-19.
- Depreciation decreases slightly to EUR 123.1 million (-4.9%) as a result of the completion of the depreciation of some assets related to the business combination of Almirall Hermal, GmbH.
- The heading " Loss (Gain) on recognition (reversal) of impairment of property, plant and equipment, intangible assets and goodwill" in the accompanying consolidated Income Statement includes in 2020 the partial impairment of intangible assets associated with the portfolio acquired in the business combination of Aqua Pharmaceuticals, LLC in 2013 (now Almirall LLC), as explained in Note 10 of the accompanying Consolidated annual accounts.
- As a result of the above, the Profit before taxes has decreased to EUR 79.2 million (-38.2%).
- Finally, the effective corporate tax rate has decreased in 2020, mainly due to the use of tax credits, mainly in the United States.

5. Consolidated balance sheet. Financial position

The main variations of the Balance sheet as of December 31, 2020 compared to December 31, 2019 are described below:

- The Intangible Assets heading has decreased mainly as a consequence of the amortization of the period, the impairment of the assets related to the portfolio acquired in the business combination of Aqua Pharmaceuticals, LLC in 2013 and the negative impact of the US dollar foreign exchange rate on the assets of the United States, partially offset by the payments to Dermira in relation to some milestones regarding the Phase III development of Lebrikizumab.
- Inventories have increased due to new launches and the construction of safety inventories as a result of the reorganization of production between the different Group centers. There have been no significant impacts on the supply chain and products have continued to be supplied normally.
- Accounts receivable have decreased mainly due to the collection of the AstraZeneca milestone in March 2020 (EUR 27.5 million) and lower sales in the United States due to the Aczone generic.

- Financial debt has decreased mainly due to the cancellation of the credit policy of the subsidiary Almirall LLC (EUR 15 million at December 31, 2019). On the other hand, during the year, a new credit policy was contracted by the Parent company (to replace the previous one that had also the Parent company at December 31, 2019, as explained in Note 17 of the attached Consolidated Annual Accounts), none was available at the end of 2020 or 2019.
- Non-current liabilities have decreased mainly due to the allocation to the income statement of deferred income, as mentioned in Note 16 of the attached Consolidated Annual Accounts, and to the short-term transfer of the convertible bond since its date of expiration date is December 14, 2021.
- Current liabilities have increased due to the aforementioned transfer of the convertible bond, partially offset by the payment of EUR 35 million corresponding to the deferred payment for the agreement reached with AstraZeneca in 2017 and the reduction in commercial creditors due to the lower activity in the second quarter as a result of the disruption caused by COVID-19.

6. Financial risk management and use of hedging instruments

Interest rate risk

During the first quarter of 2017, the parent company signed a new 4-year credit line, enabled for a maximum drawdown of EUR 250 million at a fixed interest rate, so the Group is not exposed to rate volatility of interest. Said policy has been canceled in 2020 and replaced by a new credit policy for the amount of EUR 275 million, for an initial term of 3 years with the possibility of an additional 1 year extension and intended for general corporate uses (as described in the Note 17). This policy accrues a variable interest rate referenced to Euribor, plus a variable that depends on the Group's Net Debt to EBITDA¹ ratio. At December 31, 2020, taking into account the current macroeconomic perspectives, the Group's Management does not consider that there is a relevant risk due to possible interest rate increases in the short / medium term, so it has not considered necessary to implement any hedging mechanism in this regard.

In September 2018, the Parent Company signed a temporary loan of EUR 400 million at a fixed interest rate of 1.25%. That loan was cancelled in December 2018 and refined, on the one hand, with a syndicated loan of EUR 150 million at a fixed rate of 2.1% and, on the other hand, with the issuance of Convertible Bonds (EUR 250 million), also at a fixed interest rate of 0.25%. Since it is all fixed-rate financing, the Group is not exposed to interest rate volatility.

In March 2019, the Parent Company formalized a loan with the European Investment Bank (EIB) up to 120 million euros, to finance its research and development efforts, with the aim of offering cutting-edge innovation and differentiated therapies in the area of medical dermatology. The first tranche of EUR 80 million was granted on April 17, 2019, at a fixed interest of 1.35%.

Foreign currency risk

The Group is exposed to the exchange rate risk in certain transactions arising from its activity. These are basically dollar charges for finished product sales, collections and payments arising from the operation with AstraZeneca, dollar payments derived from the licensing agreements with Athenex, Dermira or the recent option agreement with Bioniz, dollar payments for clinical trials, purchases of raw materials and royalty payments in yen and dollars, as well as collections and payments made by subsidiaries in the United States, United Kingdom, Poland, Switzerland and Denmark in their local currency. The most relevant currency with which the Group operates is the US dollar.

The Group analyses quarterly the forecasts of collections and payments in currency, as well as the evolution and trend of them. During the last years, the Group has reduced its exposure to exchange rate risk in those higher volume business transactions, by hiring one-off exchange insurance to cover payments in yen for purchases of raw materials, and to cover cash in cash in USD for collections.

As of December 31, 2020, the Parent Company of the Group is the borrower of a loan between companies of the group, with Almirall, Inc., in USD. Said loan has not been hedged since July 1, 2020 it has been considered as more value of the investment and, therefore, the exchange differences generated from that moment have been recorded in the translation differences section of the equity (see Note 15).

¹ EBITDA is defined as "Operating profit excluding the headings "Net gains/(losses) on disposals of assets", "Loss (Gain) on recognition (reversal) of impairment of property, plant and equipment, intangible assets and goodwill" and "Amortization and depreciation charge".

Liquidity risk

The Group determines cash requirements using two fundamental forecasting tools that vary in terms of their time horizon.

On the one hand, a one-year monthly cash budget is established based on the forecast financial statements for the current year, from which the variances are analyzed monthly. On the other hand, 24-month forecasts are set up, which are updated monthly.

On the other hand, medium and long-term liquidity planning and management is based on the Group's Strategic Plan covering a five-year time horizon.

Cash surpluses in foreign currency are invested in deposits in those cases where there is a provision to make payments in that currency, mainly US dollars.

The financing instruments include a series of "covenants" which in the event of non-compliance would imply the immediate enforceability of such financial liabilities. The Group periodically evaluates such compliance (as well as future expectations of compliance in order, where appropriate, to be able to take corrective action). As of December 31, 2020, all "covenants" are fulfilled, as mentioned in Note 17.

The Group performs prudent liquidity risk management, maintaining sufficient cash and marketable securities, as well as the hiring of credit facilities committed enough to meet the intended needs.

7. Risk factors

Risk factors worthy of mention that may affect the achievement of the business objectives are the following:

- Price reductions or volume limitations for existing products and difficulties in obtaining the prices or reimbursement conditions requested for new releases by decisions of the health authorities, with the consequent impact on sales forecasts.
- Erosion of turnover and loss of market share due to the progressive entry of generics.
- Cyber-attacks or security incidents that may allow access to confidential information or cause a disruption of business activities.
- Impairment of intangible assets and goodwill due to income flows below those projected.
- Pipeline of R&D not sufficiently balanced and differentiated in its different phases to nourish the product portfolio.
- Prolonged and higher than expected impact of COVID-19.

Additionally, in Note 33 of the accompanying Consolidated Annual Accounts, additional risks related to COVID-19 are detailed, as well as in section 1.5 of the Non-financial Information Report where the Group's risk management system is explained.

8. Treasury shares

The Parent Company maintains a liquidity contract with a financial intermediary, effective as of March 4, 2019, with the objective of increase and stability in the share price of the Company, within the limits established by the General Meeting of Shareholders and by current regulations, in particular, Circular 1/2017, of April 26, of the National Securities Market Commission, on liquidity contracts. Said contract assumes that the Parent Company owns, at December 31, 2020, treasury stock representing 0.09% of the share capital (0.07% at December 31, 2019) and a global nominal value of EUR 18.6 thousand and which have been registered in accordance with IFRS-EU. The average acquisition price of these shares has been 11.07 EUR per share. The shares of the Parent Company in its possession are intended to negotiate in the market.

9. Outlook for 2021

Financial year 2021 will continue to be conditioned by the evolution of the pandemic in the different territories where the Group operates, as well as its effects on the global economy. In Note 33 of the accompanying Consolidated Annual Accounts and in this management report the main impacts of the 2020 financial year are described as well as the risks and uncertainties that the Group faces.

With regard to new products, Klisyri is expected to be launched in the United States during the first quarter of 2021, while in the EU it is expected to obtain approval from the EMA in the second quarter and its subsequent launch in mid-2021.

In terms of R&D activities, Phase III of Lebrikizumab (license acquired from Dermira in 2019) is ongoing and the forecast is to present the registration in 2022 for Europe and launch in 2023.

Finally, Group Management continues to focus on inorganic growth opportunities that provide sustainable value for shareholders.

10. Corporate Governance Report

The Corporate Governance report is attached hereto as Annex II.

11. Capital structure. Significant ownership interests

The share capital of the Parent Company as of December 31, 2020 is represented by 178,115,627 shares with a par value of EUR 0.12, fully subscribed and paid up (174,554,820 shares as of December 31, 2019).

In Note 15 of the attached Consolidated Annual Accounts the movement of capital during the year is detailed, the increase of which is due to the flexible dividend paid in the year.

Shareholders with significant ownership in the capital stock of Almirall, S.A. both direct and indirect, greater than 3% of the share capital, of which the Parent Company is aware, according to the information contained in the official records of the National Securities Market Commission as of December 31, 2020 and December 31 of 2019, are the following:

<i>Name of direct holder of the ownership interest</i>	<i>% interest 31/12/2020</i>	<i>% interest 31/12/2019</i>
Grupo Plafin, S.A.	40.9%	40.9%
Grupo Corporativo Landon, S.L.	18.8%	18.8%
Total	59.7%	59.7%

At December 31, 2020 and 2019, the Parent Company is unaware of there being other ownership interests of 3% or more in the share capital or voting rights of the Parent Company, or other interests which, despite being less than this percentage, enable the holder to exercise a significant influence over the Parent Company.

12. Side agreements and restrictions on transferability and voting rights

The Group has entered into one side agreement, which was reported to the CNMV and which may be consulted in full on the following web site www.almirall.com, subscribed by Mr. Antonio Gallardo Ballart and Mr. Jorge Gallardo Ballart, which regulates the concerted action of its signatories in Almirall, S.A. and the exercise of the voting rights inherent to its indirect participation in the Company through the company Grupo Plafin, S.A.U., on the one hand, and Todasa, S.A.U. (Today Corporate Group Landon, S.L.), of another.

The Articles of Association impose no restrictions on the transferability of the shares of the Company, and neither are there any restrictions on voting rights pursuant to the Articles of Association or regulations.

13. Governance bodies, Board of Directors

Appointment of Directors

The directors are appointed (i) upon proposal by the Appointments and Remuneration Committee, in the case of independent directors, and (ii) following a report by said Committee in the case of other directors, by the General Shareholders' Meeting or by the Board of Directors in accordance with the provisions of the Spanish Companies Law.

Newly-appointed directors are required to complete the Parent Company's orientation course for new directors so that they can rapidly build up sufficient knowledge of the Parent Company and of its corporate governance rules.

As for the appointment of external directors, the Board of Directors seeks to ensure that the candidates chosen are persons of recognized solvency, competence and experience. Particular care is taken in relation to those called upon to fill the independent director positions envisaged in Article 6 of the Board Regulations.

Directors proposed for re-appointment must refrain from participating in the deliberations and voting procedures concerning them.

Directors hold office for the term stipulated by the General Meeting, which is equal for all and may not exceed four years, at the end of which they may be re-elected one or more times for periods of the same maximum duration.

Replacement of Directors

Directors cease to hold office when the period for which they were appointed has elapsed and when a decision to this effect is adopted by the General Meeting, exercising the powers attributed to it by law or by the Articles of Association. In any event, the appointment of directors expires when, once its term has elapsed, the following General Meeting has been held, or the legal time limit for holding the General Meeting to approve the accounts for the previous year has passed.

The Board of Directors may only propose the removal of an independent director before the expiry of the statutory term when there is due cause, acknowledged by the Board following a report by the Appointments and Remuneration Committee. In particular, due cause is understood to exist when a director has breached the duties inherent to his/her position or has come to be in any of the circumstances which bar him/her from holding this office, as described in the definition of independent director contained in corporate governance recommendations applicable at the time.

Directors who are the subject of removal proposals must refrain from participating in the deliberations and voting procedures concerning them.

The directors are required to tender their resignation to the Board of Directors and formalize such resignation, where the Board considers this appropriate, in the following cases:

- a) Where they cease to hold the executive posts with which their appointment as directors was associated.
- b) Where they find themselves in any of the situations of incompatibility or barring from office stipulated by law.
- c) When seriously reprimanded by the Board of Directors for failing to discharge their obligations as directors.
- d) When their remaining on the Board could jeopardize or prove detrimental to the interests, credit or reputation of the Parent Company or when the reasons for which they were appointed cease to apply (for example, when a nominee director sells their shareholding in the Parent Company).
- e) In the case of independent directors, they may not remain in such positions continuously for more than 12 years; therefore, once this period has elapsed, they must tender their resignation to the Board of Directors and formally withdraw.
- f) In the case of nominee directors, (i) when the shareholder they represent sells its entire shareholding and, similarly, (ii) in the requisite number, when such shareholder reduces its shareholding to a level which requires the number of nominee directors to be reduced.

In the event that, due to resignation or for any other reason, a director leaves office before the end of their term, they are required to explain the reasons in a letter sent to all the Board members.

Amendment of the Company's bylaws

Amendments to the bylaws are a competence of the General Meeting and are regulated by Article 160 of the Spanish Companies Law and other related legislation. There are no special provisions of relevance in this respect in either the bylaws or the General Meeting Regulations.

Powers of the members of the Board of Directors

Certain powers pertaining to the Board of Directors were vested in the Chief Executive Officer of Almirall, S.A., pursuant to a public deed executed before the Barcelona Notary Mr. Enrique Viola Tarragona on May 24, 2018.

Similarly, powers have been granted to Mr. Jorge Gallardo Ballart in the public deed executed before the Barcelona Notary Mr. Enrique Viola Tarragona on June 2, 2011.

14. Significant agreements

There are no significant agreements with regard to changes in the control of the Parent Company or between the Parent Company and its Directors and Managers or Employees with respect to indemnities for dismissal, resignation, or public takeover bids.

15. Subsequent events

At the formulation date of these consolidated annual accounts, the Board of Directors of Almirall, S.A. has agreed to propose in the Shareholders' meeting the distribution of a dividend, charged against reserves for an amount of EUR 33.8 million (equivalent to 0.19 euros per share). For the purpose of carrying out this dividend distribution, it is proposed to reuse the remuneration system for shareholders called "Scrip dividend", already implemented in 2020. In this way, its shareholders are offered an alternative that allows them to receive shares

issued by the parent company without limiting their possibility of receiving in cash an amount equivalent to the payment of the dividend as explained in Note 4.

Additionally, on February 17, 2021, the Group acquired from MC2 Therapeutics the marketing rights in Europe of Wyzora® cream for the treatment of plaque psoriasis. Under the terms of this agreement, MC2 Therapeutics will receive up-front payments of € 15 million, in addition to milestone payments and double-digit royalties on sales in Europe. Wyzora® cream (50 µg / g calcipotriol and 0.5 mg / g betamethasone as dipropionate) received FDA approval in the US on July 20, 2020. The product is currently under review in Europe for which two phase 3 trials have been presented, including a head-to-head study against the active Dovobet / Daivobet® Gel. The marketing authorization application (MAA) has been submitted in Europe and its approval is expected in 2021.

16. Non-Financial Information Statement

The Non-financial Information Statement is attached in Annex I of this document.

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1. Business Model

1.1. Introduction to the company

Almirall is a leading global pharmaceutical company, focused on medical dermatology, which collaborates with healthcare professionals by applying science to deliver medical solutions and improve the quality of life of patients and future generations. Almirall's focuses its efforts on fighting dermatological diseases, thereby supporting healthcare professionals, its key partners, in their continuous improvement, with the aim of bringing effective and innovative solutions and transforming the world of patients with skin conditions.

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

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

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

Almirall is listed on the Spanish Stock Exchange and has become a key source of value creation for society, thanks to its commitment to its main shareholders and its decision to help others by understanding their challenges and using science to offer solutions applicable to real life.

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

1.2. Corporate Governance

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

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

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

1.2.1. Board of Directors

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

In 2020, twelve directors (seven independent directors, three proprietary directors, one external director and one executive director), the non-director Secretary (José Juan Pintó Sala) and the non-director Vice-Secretary (Joan Figueras Carreras) made up the Board of Directors of the company.

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

Director Peter Guenter left Almirall on 31 December 2020 to pursue new career opportunities. The Company initiated the succession process to identify the new CEO.

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

Board Commissions

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

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

1.2.2. Audit Commission

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

The Audit Commission and its Chairman, in particular, assume the functions relating to the overall supervision of all matters relating to Sustainability and ESG.

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

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

The functions of the Audit Commission include:

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

In 2020, the Commission, among other matters, reviewed the company's regular financial reporting and discussed the appointment of the external auditors, the transactions with the most significant financial impact, corporate governance issues, the outcome of the ICFR testing, and the supervision of the internal audit function.

1.2.3. Nominations and Remuneration Commission

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

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

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

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

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

Among other matters, during the 2020 financial year, the Commission debated and approved the reports evaluating the Chairman of the Board and Chief Executive and the functioning of the Nominations and Remuneration Commission to be submitted to the Board of Directors of the company for the corresponding purposes. The Commission also discussed the updating of the human resources plan, the composition of the Board and the re-election of directors. In addition, the SEUS evaluation and the proposal for 2020 were discussed.

1.2.4. Dermatology Commission

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

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

Its most important activities during the 2020 financial year were related to the review of potential business development operations, as well as the evaluation of R&D projects, always in the area of dermatology.

1.2.5. Corporate Governance Committee

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

The Committee is composed of Almirall's Chairman (who also chairs the Committee), the Chief Executive Officer, the Executive Vice President of Global Business Operations, the Executive Vice President of Finance and Chief Financial Officer, the Vice President of Human Resources, the Vice President of Legal Affairs, the Internal Audit Director and the General Counsel, who also acts as Secretary of the Committee.

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

1.2.6. Management Board

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

The mission of the Management Board encompasses the following responsibilities:

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

The members of the Management Board include the Chief Executive Officer, who chairs the Committee, the Executive Vice President of Global Commercial Operations, the Executive Vice President of Finance, the CFO, the Senior Vice President of Manufacturing & Technical Services, the Senior Vice President of Legal Affairs, the Senior Vice President of Human Resources, the Chief Digital Officer, the Chief Medical Officer and the General Counsel, who also acts as the Secretary of the Committee.

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

1.2.7. COVID-19

In February 2020, and as the internal 'Crisis Management' policy establishes, the company formed a 'Crisis Committee' to manage all issues and aspects related to the pandemic and its related effects. This Committee, made up of all the members of the Management Board plus the individuals responsible for IT, External Communications and Corporate Social Responsibility, has been meeting systematically since then and, in particular, during the critical phase of the pandemic.

Similarly, and also since March 2020, the meetings of most of the company's internal committees, especially the Management Board, have been held virtually. This is also true of the meetings of the Board of Directors and the Board Committees, including the company's Annual General Meeting which, initially called for May, was cancelled for security reasons and subsequently rescheduled to be held virtually in July 2020.

1.3. Objectives and strategy

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

1.3.1. Noble Purpose and Corporate Values

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

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

The company offers medical solutions based on science. It undertakes research and invests in order to provide innovative treatments to the healthcare professionals who address their needs in the field of dermatology. Patients are seen first and foremost as people, with concern for their quality of life. This promotes greater understanding and social awareness of diseases that involve emotional distress, such as psoriasis.

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

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

The entire organisation strives to reinforce its commitment to remain a leading, transparent and responsible company and to share the following values:

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

1.3.2. Research and Development

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

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

Acquired by Almirall from Hermal in 2007, the research centre in Reinbek (Germany) is located on the outskirts of Hamburg and has a total surface area of 21,000 m². At this facility, Almirall's experts work on development programmes to discover new formulations indicated for the treatment of skin diseases. Its more than 60 years of experience in this area make it the leading dermatology centre in Europe.

Lastly, Polichem, with its R&D centre located in Mendrisio (Switzerland), was acquired in 2016. Its main activity is focused on medical dermatology and dermocosmetics, especially in relation to original formulations and pharmaceutical technologies with a wide range of therapeutic applications. Polichem has patented development projects in various medical fields, with a special emphasis on specific skin problems.

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

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

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

In 2020, Ammirall continued to consolidate its strategy and business model, which is focused on the development and supply of life-saving therapies for well-defined subsets of patients and therapeutic indications. Based on this experience, the aim is to develop innovative solutions that work in all phases of clinical development, such as trials, approvals, launches and care for doctors and patients. In addition, the company continues to identify opportunities for acquisitions and partnerships to further improve its competitiveness in the market and the positive impact on the well-being of patients. Skin diseases are complex pathologies with debilitating symptoms that negatively affect patients' quality of life and have significant psychological implications. Innovation is achieved by working on patients' unmet needs and increasing engagement with them, as well as with health professionals, in search of better solutions for their pathologies. Ammirall applies science where it is most needed.

1.3.3. Digital Transformation

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

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

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

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

As medicines and healthcare become more complex, digitalisation is progressing rapidly and is increasingly being incorporated at all levels of healthcare. Given the need for digital transformation, applications have been developed that enable healthcare professionals to diagnose and prescribe medicines to patients much more quickly and safely, while allowing them to monitor treatments and evaluate their effectiveness.

1.4. Sustainability and ESG

1.4.1. Context

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

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

In addition, integrity and transparency are fundamental pieces in the sustainability of the company and are integrated into all its processes and activities. In keeping with its commitment to transparency, Ammirall gathers, builds and provides, clearly and consistently, factual, complete and accessible information to all its stakeholders in order to generate trust in the company and credibility. Furthermore, the company and all its European subsidiaries

adhere to the Code of Practice of the European Federation of Pharmaceutical Industries and Associations (EFPIA), as well as those of the corresponding local associations in the European countries where Ammirall operates, such as Farmaindustria in Spain, always complying with the applicable legislation in force in each country. In this regard, the company publishes information on payments and value transfers to healthcare professionals or organisations for activities such as consultancy, meetings and advice, in accordance with the corresponding legal provisions, as well as with these healthcare professionals and organisations.

1.4.2. Sustainability Policy

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

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

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

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

1.4.3. New ESG Strategy

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

The internal diagnosis was carried out through:

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

In contrast, the external diagnosis was carried out through:

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

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

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

The ESG Strategy is being implemented through 15 working areas grouped into four top-level strategic lines, as shown below:

Environment

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

Social

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

Government

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

Management and communication

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

1.5. Risks and future trends

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

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

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

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

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

- Regulatory risks, arising from regulatory changes established by the various regulators, or from changes in social, environmental or tax regulations. Examples include price reductions or volume limitations for existing products and difficulties in obtaining requested prices or reimbursement conditions for new launches due to decisions by health authorities, with the concomitant impact on sales forecasts.
- Market risks, related to the exposure of Almirall's earnings and equity to changes in prices and other market variables, such as exchange rates, interest rates, commodity prices, financial asset prices and others.
- Credit risk, in the event that a counterparty does not comply with its contractual obligations and produces an economic or financial loss for the company.

- Business risks, established as the uncertainty as to the behaviour of the variables inherent to Almirall's business, such as the characteristics of demand, the supply of raw materials and the appearance of new products. Examples include revenue erosion and loss of market share due to the progressive entry of generics, deterioration of intangible assets due to a lower-than-expected net revenue stream in some businesses or an R&D pipeline that is not sufficiently balanced and differentiated in its different phases to nourish the product portfolio.
- Operational risks, referring to direct or indirect economic losses caused by inadequate internal processes, technological failures, human error or as a consequence of certain external events. Operational risks also include legal and fraud risks and ones associated with information technology and cybersecurity (cyber-attacks or security incidents that allow access to confidential information or disrupt business activities).
- Reputational risks, which include the potential negative impact associated with changes in the perception of Almirall by its different stakeholders.

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

- Environmental risks: Almirall's environmental policy aims, among other things, to minimise the environmental impact of new products and developments, ensure compliance with applicable legal requirements and other principles to which the organisation subscribes, and apply pollution prevention techniques. Section 2, 'Environmental management', describes the main actions taken in relation to the environment.
- Risks to society: With respect to potential risks with social impact, Almirall's quality system covers the entire production process, from procurement of raw materials to the release of the finished product, in order to minimise the risk of releasing a product onto the market with compromised quality, efficacy or safety.
The company has a complaint control and pharmacovigilance system for rapid detection of possible problems of product quality, efficacy or safety and the adoption of corrective measures. In addition, product traceability control systems would enable a quick and effective recall of any batch of product from the market. Section 4.5, 'Quality Systems and Pharmacovigilance as tools to ensure product quality, health and consumer safety', discusses these aspects in greater detail.
Employee safety standards are more rigorous than required by law and thoroughly documented. Product liabilities and potential incidents at facilities are covered by global risk management policies and insurance programmes.
- Governance risk: The company has policies established for corporate social responsibility, communication with financial markets and compliance with good practices in tax matters.

In November 2020, the company's Board of Directors approved a Risk Management Policy that confirms the guidelines and framework for Almirall's entire risk management system, with regard to the prolonged and worse than expected impact from COVID-19.

As indicated in Almirall's consolidated annual accounts, the sales turnover was impacted more than anticipated by COVID-19. Since the start of the pandemic, numerous initiatives have been carried out so that the interaction activities with doctors, medical centres and patients have not been significantly affected.

1.6. Prevention, Anti-money laundering and Control of contributions to foundations and non-profit organisations

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

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

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

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

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

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

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

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

Almirall does not allow donations and grants that benefit individual medical professionals.

2. Environmental management

2.1. Management approach

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

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

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

- A commitment to environmental protection by promoting its integration into the company's daily work processes.
- Efficient and sustainable management of resources, use of renewable energies, and commitment to mitigating and adapting to climate change through programmes to reduce greenhouse gas emissions.
- A commitment to support the procurement of energy efficiency products and services that impact energy performance, as well as support for design activities that consider energy performance improvement.
- A commitment to continuous improvement of Almirall's environmental management to improve its performance, complying with the applicable legal requirements and other requirements to which Almirall voluntarily subscribes.
- Establishment of periodic programmes, with objectives and targets in line with the applicable regulations, with the Global Corporate Health, Safety and Environmental Policy itself, and with the risks and opportunities identified in terms of environmental protection.
- Training, involvement and participation of Almirall's staff and partner companies in the application of the principles contained in the Global Corporate Health, Safety and Environmental Policy.
- A commitment to consultation and participation of workers and, where they exist, workers' representatives.
- To ensure the availability of the necessary information and resources, and proper planning for their use.

- Respect for the environment is an objective of the company as a whole, and therefore responsibility for its achievement is shared by all Almirall's employees, regardless of their level or role.

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

Almirall has an integrated occupational health and safety, environmental and energy management system. In 2019, Almirall successfully passed the TÜV Rheinland certification audit of the integrated management system, in accordance with international standards ISO 45001:2018, ISO 14001:2015 and ISO 50001:2018, at all its centres in Spain and Germany. In 2020, the first annual follow-up audit was performed by TÜV Rheinland. Due to the extraordinary conditions of the COVID-19 pandemic, the first phase of the audit was performed remotely before the summer, and the second phase was closed in September with site visits to the centres in Spain and Germany selected by the audit team. The result was very positive, with zero non-conformities identified.

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

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



The scope of the health, safety and environmental management system, including energy performance, is as shown in the table below:

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

Table 1 – Scope of the health, safety and environmental management system

Almirall has a series of established and implemented due diligence processes and procedures, which it continuously updates, to ensure that the health, safety and environmental management system is appropriate, adequate and effective. The most important of these are listed below:

- Health, Safety and Environmental Manual.
- Risks and opportunities in health, safety and environment.
- Evaluation of environmental aspects.
- Energy review.
- Legal and other requirements.
- Training in health, safety and environment.
- Communication, participation and consultation in health, safety and environment.
- Management of health, safety and environmental documentation.
- Change control in health, safety and environment.
- Industrial safety in equipment and installations.
- Monitoring of work with special risks.
- Monitoring of suppliers of works and services.

- Monitoring of wastewater discharges.
- Monitoring of air emissions.
- Waste management.
- Monitoring of noise pollution.
- Road transport of hazardous goods.
- Emergency plans.
- Health, safety and environmental audits.
- Management review of the health, safety and environmental system.
- Incidents, non-conformities, opportunities for improvement and corrective actions.

At the corporate level, Almirall has an Environmental Team, which reports to the Head of Corporate Social Responsibility, who, in turn, reports to the Vice President of Human Resources.

Almirall has not received any fine or sanction for non-compliance with environmental regulations in 2020.

2.2. Pollution

2.2.1. Climate change and greenhouse gas emissions

Climate change is probably the greatest challenge facing humanity today. Almirall's operations emit a certain volume of greenhouse gases. For this reason, the company wants to be part of the solution and is doing everything it can to limit the average global temperature increase to much less than 2°C above pre-industrial levels. Almirall is firmly committed to the fight against climate change, including the reduction of greenhouse gas emissions, as a significant aspect of its environmental strategy. The answer to global warming is reduced emissions and adaptation to its future effects. In this regard, in 2018, the company approved a strategy against climate change defined in two pillars on which it develops its action plan:

- On the one hand, reduction of its carbon footprint, assuming business growth, where technology, energy efficiency and the substitution of fossil fuels are fundamental for the reduction of greenhouse gas emissions.
- On the other hand, Almirall, as a pharmaceutical company, believes that in order to build a better future, it must assume an important role in preventing and minimising the harm that climate change may cause to people's health.

The impact of climate change on Almirall is determined by identifying and assessing the risks and opportunities inherent in climate change that could have a material impact on the company's business. Almirall has an integrated multidisciplinary risk management process throughout the company where environmental impacts, including climate change risks, are identified and assessed on the corporate risk map. This Risk Management System, coordinated by Internal Audit, is based on consolidation of the analysis and evaluation of events, risks, controls and mitigation action plans carried out by the business and support units that make up the company's different areas. All risks (including climate-related ones) that might have a significant impact on the achievement of the company's objectives are subject to assessment. As a result of the process described above, the following significant risks have been identified:

- Transitional risks: in relation to climate-related transitional risks, with the implementation of ISO 50001, Almirall has been working systematically since 2013 on energy efficiency in order to reduce costs and its carbon footprint. Since then, a number of energy efficiency regulations have been approved and, more recently, in 2019, the European Commission presented the 'European Green Deal', the roadmap for making the EU economy more sustainable. This framework includes the European Climate Law in order to achieve the target of climate neutrality by 2050, and in December 2020 a new target was approved to reduce emissions by 55% with respect to 1990. Key EU legislation and policies to achieve this goal, e.g. the EU Emissions Trading System (ETS), could lead to higher electricity prices. This new regulation will affect Almirall indirectly, through its energy supply, with a potential increase in operating costs.

To address this risk, Almirall has an 'Energy Master Plan' which identifies key investments for coming years, including a five-year capital expenditure forecast (capex). For example, for the 2019-2024 period, the installation of photovoltaic plants at the Sant Feliu (R&D) and Reinbek (pharmaceutical plant) sites is planned, with an estimated cost of €600,000. In 2020, capital expenditure with an impact on energy efficiency was €780,000. The new boiler in Sant Celoni, much more efficient and with an investment cost of €150,000, is noteworthy.

In July 2020, the European Council agreed to a massive €750 billion recovery fund branded as Next Generation EU to support member states hit by the COVID-19 pandemic. The solid work carried out by Almirall in recent years in relation to climate change positions the company well for taking advantage of the opportunity to receive these European funds for projects related to climate change.

- Physical risks: with regard to climate-related physical risks, the risk of flooding at the Sant Celoni chemical plant, located next to the Tordera river on a flood plain according to the flood maps of the Catalanian

Water Agency (ACA), should be noted. Furthermore, geographically it is located in the Mediterranean area where intense storms (DANA-isolated depression at high levels) occur periodically, which can cause episodes of heavy rain with a potential impact on production due to damage to the plant's facilities or to the roads surrounding the plant. Almirall currently has a back-up plant in Sant Andreu de la Barca for part of the APIs produced in Sant Celoni.

The following are the main initiatives that Almirall is currently pursuing:

- Calculation and monitoring of greenhouse gas emissions: reported annually in CDP's climate change questionnaire.
- Greenhouse emission reduction targets for the medium-long term through the achievement of annual targets: scope 1 and 2 targets currently exist, and work is under way to define scope 3 targets.
- Management of climate change risks and opportunities: addressing climate risks and opportunities as recommended by the TCFD is planned in the next two years.
- Energy efficiency: Establishment of the ISO 50001 energy management system in Spain and Germany.
- Proprietary renewable energy installations: Almirall installed a 300kW photovoltaic plant at its chemical plant in Sant Celoni in 2016, and, in 2018, it installed an 800kW photovoltaic plant at its pharmaceutical plant in Sant Andreu de la Barca, which represents a reduction in emissions of 515 t CO₂ per year between the two plants.
- Purchase of renewable energy: Since 2013 in Spain and 2018 in Germany, Almirall has purchased green electricity with Guarantee of Origin (GdOs), thereby promoting an increase of renewable energy in the energy mixes of these countries.
- Raising awareness among Almirall employees and collaboration with the Fundació Empresa&Clima, a non-profit organisation that works for business leadership and commitment in the fight against climate change.

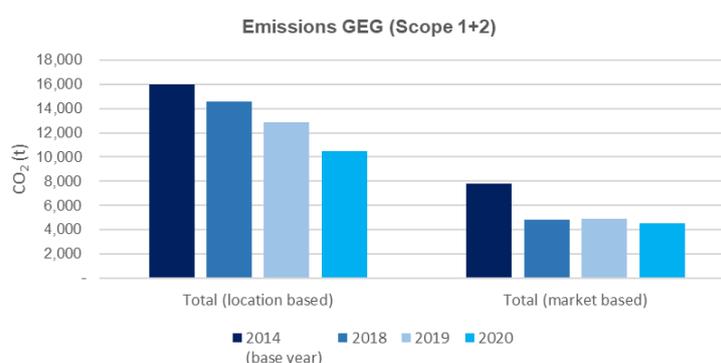
Greenhouse gas emissions scope 1 and 2

Almirall has set a target of a 21% reduction in greenhouse gas (GHG) emissions (Scope 1 and 2 location-based) for the 2014-2025 period. This target was based on the company's Energy Master Plan included in the financial plan (investments) and will be reached by reducing gas and electricity consumption with energy efficiency projects and the commitment to self-generation of renewable energy. As of January 2021, the target has been met and exceeded with a reduction in GHG emissions in the 2014-2020 period of 34%, 13% above the target. This is the result of the energy improvements made, although the target was achieved and exceeded ahead of schedule due to the impact of the strong increase in renewable energy in the electricity mixes of Spain and Germany. It should be noted that the COVID-19 pandemic also played a role in the decreased energy consumption at Almirall's office facilities, although it is not considered to be significant in terms of overall emissions. The target will be reassessed in 2021 to adapt it to the current circumstances as well as new opportunities arising from Next Gen EU.

Table 2 shows the evolution of GHG emissions for Scope 1 and Scope 2 according to the country's energy mix (location-based) and Scope 2 taking into account the purchase of green energy (market-based), where emissions are zero thanks to the purchase of green electricity.

CO ₂ (t)	2014 (base year)	2018	2019	2020
Scope 1	5,910	4,840	4,925	4,502
Scope 2 (market based)	1,906	-	-	-
Scope 2 (location based)	10,068	9,687	7,952	5,977
Total 1+2 (location based)	15,978	14,527	12,877	10,479

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



Scope 3 greenhouse gas emissions

A preliminary assessment of Scope 3 indirect emissions was conducted in 2018 to identify the main categories. The tool used for the assessment was Quantis Suite 2.0. Total Scope 3 emissions are 10 times greater than the sum of Scope 1 and 2, with category 1 accounting for 81% of total calculated emissions.

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

Table 2.1 – Almirall's scope 3 GHG emissions

For 2021, a more detailed calculation is planned for categories 3, 4, 5 and 9 in order to develop a tool that will allow calculation of this in a systematic way, the establishment of a medium-long term reduction target and an associated action plan.

In relation to category 1 'Purchased goods and services', since 2020, new suppliers shall adhere to the Almirall Supplier Code of Conduct on the Group's electronic portal for their qualification. Almirall expects its suppliers to agree to defined standards, which include suppliers progressively measuring their greenhouse gas emissions and committing to voluntary reductions. In the short-medium term, the company's strategic plan contemplates measuring emissions in this category and ensuring that main suppliers over which it can exercise influence to reduce their emissions as well.

Mobility of workers

COVID-19 has had a significant impact on the mobility of Almirall's office workers and, to a lesser extent, on the production centres and some R&D activities which, being essential activities, have not been affected in terms of direct staff.

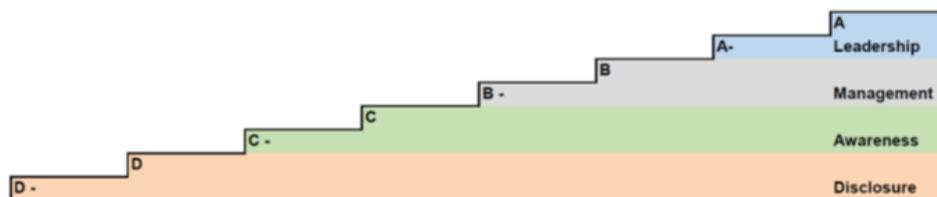
In order to reduce CO₂ emissions and ensure the safety of employees in their commutes to work, since 2015 Almirall has been developing a sustainable mobility plan which, among other initiatives, includes public transportation in the flexible compensation plan for employees, subsidies for the purchase of hybrid and electric vehicles, training in sustainable driving, installation of electric chargers in its car parks, and the creation of parking areas for bicycles and electric scooters, among others. In 2020, charging spaces for electric vehicles were expanded at the Barcelona headquarters (four rapid charging spaces for cars and two for motorcycles), the Reinbek pharmaceutical plant (two spaces for company vehicles) and the Sant Celoni chemical plant (two rapid charging spaces).

In 2020, a carpooling pilot programme was launched with the company Jojob at the Sant Feliu R&D centre to encourage carpooling for commuting to/from work. Shared trips and trips made by bike or on foot are certified and allow calculation of the reduction of CO₂ emissions. As of November 2020, the reduction of 417 kg of CO₂ and a

total of 310 trips were certified. This programme has been severely affected by the pandemic, greatly reducing the expected impact and thus in 2021 has been put on hold.

Carbon Disclosure

As an exercise in transparency, since 2014, Almirall has reported its environmental performance on climate change to CDP. CDP assesses climate change performance through a form and classifies it into 4 levels, from the most basic of Disclosure D to the maximum level of Leadership A. Likewise, each level is broken down into two sublevels, indicating with a “-” the lower category (as seen in the following image):



It has managed to improve from level C, Awareness, in 2017 and 2018, having passed through level B, Management, in 2019, to achieve the milestone of reaching level A-, Leadership, in 2020. Almirall is among the 38% of large companies in the Biotech and Pharma sector that have achieved the Leadership level, which is higher than the C level of the average European company. Among other aspects, establishing a GHG emissions reduction target, demonstrating year-on-year improvement and planning to achieve the target were essential as well as the boost in the last two years of the sustainable purchasing program.

Almirall	2014	...	2017	2018	2019	2020
CDP score	60 D		C	C	B	A-

Table 3 – Evolution of Almirall’s CDP score

2.2.2. Air, noise and light pollution

Emissions of Volatile Organic Compounds (VOCs)

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

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

The diffuse emissions table shows the reduction of diffuse solvent emissions since 2008 of 80%. Emissions remain without significant changes compared to last year, the slight increase of 4% is due to the different workload between the two chemical plants

Diffuse emissions (t)	2008	...	2018	2019	2020
VOCs	207.5		56.5	40.0	41.6

Emissions of SOx, NOx and Particles

The rest of the emissions of atmospheric pollutants (particles, NOx, SOx, hydrochloric acid) are considered non-material for Almirall, with emissions that are far below the legal limits.

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

Regarding NOx emissions, they are only produced in the combustion processes of boilers at the different centers and in the regenerative thermal oxidizer for the treatment of VOCs. In the 2018-20 period, new boilers were installed in the Sant Andreu pharmaceutical plant and in the Sant Celoni chemical plant that consume 56% of Almirall's natural gas (data from 2019), replacing the previous ones with a technology that certifies some NOx emissions less than 100 mg / Nm3.

The emission sources with a potential emission of particles have high-efficiency HEPA filters, aqueous scrubbers, or both systems combined to reduce emissions.

Potential hydrochloric acid emissions are reduced with a basic aqueous scrubbing system.

Noise and light pollution

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

2.3. Sustainable use of resources

2.3.1. Power consumption

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

Compared to 2011, Almirall has achieved a 22.8% reduction in its total energy consumption. This has been possible thanks to the energy improvement actions carried out to improve energy performance and committed to seeking energy efficiency solutions to contribute to climate change mitigation.

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

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

Energy consumption

Almirall's main sources of energy consumption are electricity (56%) and gas (44%). In relation to electricity consumption, Almirall is committed not only to the purchase of green energy with Guarantee of Origin but also to self-generation of renewable energy. With these installations, in 2020 the dependence on the company's electricity grid supply was reduced by 1,524 MWh, 5.6% of Almirall's electricity consumption.

Energy consumption for electricity in 2020 was down 4.4% from the previous year, 2019, and natural gas was down 2.0%, a reduction of 1,264 MWh from 2019. The COVID-19 pandemic had an impact on the reduction of energy consumption due to the closure of offices in the months of March (partial), April and May (partial) and with the policy of teleworking as a preventive measure from May to December.

Over the last four years, in the 2017-2020 period, energy consumption was reduced by 8.0%.

Energy consumption (MWh)	2018	2019	2020
Natural gas	22,509	21,741	21,315
Company electricity	28,615	27,142	25,859
Renewable electric energy produced	402	1,505	1,524
Total energy	51,526	50,388	48,698
% renewable energy	56%	57%	56%

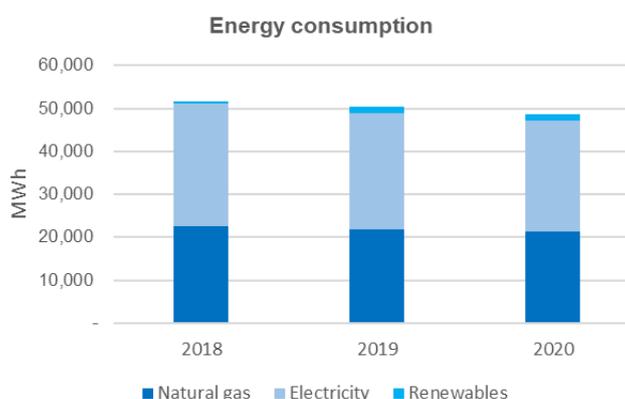


Table 4 – Almirall's energy consumption

2.3.2. Water consumption and wastewater discharges

At production centres, industrial processes are designed to comply with Good Manufacturing Practices (GMP) and contribute to minimising water consumption. In 2020, COVID-19 did not significantly impact Almirall's water extraction, as 82% is used in the production centres, which continued in operation during the pandemic.

The downward trend in the extraction of utility-supplied water in the 2018-20 period (20% decrease) and, in contrast, the upward trend in well-water extraction in the same period (44% increase) are the result of the project to use proprietary water resources (wells) at the Sant Andreu pharmaceutical plant to produce industrial and sanitary water. Although the total amount of water extracted was 9% higher in 2020 compared to 2018, taking into account the water cycle, local extraction from wells is considered to be environmentally more efficient even if it increases extraction, as water treatment is specific to the end use and it avoids water transport and additional treatment.

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

Water extraction (m3)	2018	2019	2020
Utility-supplied water	84,915	77,141	70,917
Well water	32,506	65,811	57,912
Total Water Extraction	117,421	142,952	128,829

Table 5 – Water extraction at Almirall

Water reuse

In 2020, a water reuse action was implemented at the Sant Andreu pharmaceutical plant. In the process of production of purified water from utility-supplied water, the osmosis treatment rejects some water that is introduced into the industrial water production circuit. An estimated 10,000 m³ of reject water can be reused. The Sant Feliu R&D centre reuses the reject from continuous analysis of the production treatment of purified water for irrigation and fire-fighting, with an estimated saving of 1,300 m³ per year. In total, a reuse rate of 9% is estimated.

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

Table 5.1 – Water reuse rate at Almirall

Actions for improvement

In 2020 at the Sant Andreu pharmaceutical plant, the centre that consumes the most water (58% of Almirall's total), four internal meters were installed to enable better control of consumption. At this same centre, an action to reduce irrigation water use by 37% is planned for 2021 thanks to the reduction of grass in the landscaped area. In 2021, new internal control meters will also be installed at the Sant Celoni chemical plant.

Wastewater discharges

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

2.4. Waste management, eco-design and biodiversity

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

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

Tables 6 to 8 show the evolution of waste for the 2018-20 period for Almirall and the breakdown by country. A significant decrease of 44% in waste generated in Almirall should be noted. This was mainly due to the reduction of non-hazardous, non-recoverable waste in Germany resulting from the transfer of a production line to Spain, which substantially reduced the volume of waste generated by increasing the batch size and optimising waste water collection.

The volume of waste produced at Almirall has not been significantly affected by the COVID-19 pandemic, as most of it is generated at the Group's industrial centres and these have not modified their production activity. However, although not observed in the total waste generated, some environmental improvements in waste reduction have been reversed due to preventive measures. For example, in 2018, Almirall Spain's canteens installed fountains that served water in reusable glass bottles, replacing the 1.5 L plastic bottles used previously; now individual 0.5 L plastic water bottles are provided, as well as cutlery in individual plastic wrappers, with a consequent increase in plastic waste. The pandemic has also generated new waste derived from management of the pandemic, as in 2020 Almirall provided to its workers and suppliers more than 193,000 surgical masks, the equivalent of 4.8 tonnes of waste after use.

Total Waste Almirall Group (t)	2018	2019	2020
Hazardous waste	2,340.6	2,412.1	2,191.7
Recycled/ reused	1,843.6	2,053.9	2,003.5
Incinerated/disposed	497.0	358.2	188.2
Non Hazardous waste	7,645.0	4,431.6	3,419.3
Recycled/ reused	527.1	582.6	555.3
Incinerated/disposed	7,117.9	3,849.0	2,864.0
Total waste	9,985.6	6,843.7	5,611.0
% Hazardous	23%	35%	39%
% Recycled/reused	24%	39%	46%

Table 6 – Almirall Group Waste

Waste in Spain (t)	2018	2019	2020
Hazardous waste	2,299.9	2,367.1	2,145.2
Recycled/ reused	1,826.9	2,030.9	1,981.9
Incinerated/disposed	473.0	336.2	163.3
Non Hazardous waste	958.9	1,128.8	1,020.8
Recycled/ reused	380.6	426.2	440.6
Incinerated/disposed	578.3	702.6	580.2
Total waste	3,258.8	3,495.9	3,166.0
% Hazardous	71%	68%	68%
% Recycled/reused	68%	70%	77%

Table 7 – Almirall Spain Waste

Waste in Germany (t)	2018	2019	2020
Hazardous waste	40.7	45.0	46.5
Recycled/ reused	16.7	23.0	21.6
Incinerated/disposed	24.0	22.0	24.9
Non Hazardous waste	6,686.1	3,302.8	2,398.5
Recycled/ reused	146.5	156.4	114.7
Incinerated/disposed	6,539.6	3,146.4	2,283.8
Total waste	6,726.8	3,347.8	2,445.0
% Hazardous	1%	1%	2%
% Recycled/reused	2%	5%	6%

Table 8 – Almirall Germany Waste

Actions for improvement

In 2020, the reduction of 863 tonnes of non-hazardous, non-recoverable waste from Germany, thanks to the optimisation of the cleaning water washing cycles, is noteworthy.

In 2021, it is planned to study in the Sant Andreu pharmaceutical plant a production wastewater treatment facility that is currently being managed as waste, which may allow the minimization of waste or on-site treatment.

Management of users' medicine waste

In Spain, Almirall adheres to the Integrated Packaging Management and Collection System (SIGRE in its Spanish acronym) in order to comply with Law 11/1997, of 24 April, on packaging and packaging waste and Royal Legislative Decree 782/1998, of 30 April, approving the Regulation for the development and implementation of Law

11/1997. In Germany, Almirall adheres to the Duale System Deutschland (DSD) in order to comply with the Packaging Ordinance (VerpackV) issued by the Federal Ministry for the Environment.

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

The packaging materials of Almirall's products in the Spanish domestic market and in Germany are shown below. The sum of both accounts for 44% of the total units sold by Almirall. In both markets, the material with the highest percentage is paper/cardboard, corresponding mainly to cases with 48% of the total in Spain and 36% in Germany.

Packaging material in Spain (t)	2018	2019	2020
Glass	46.4	43.7	46.7
Paper/Cardboard	383.1	386.9	351.1
Aluminium	33.0	38.0	36.5
Plastic	58.5	56.4	49.0
Composite material	258.5	265.0	251.5
Total materials	779.5	790.0	734.8

Table 9 – Almirall Spain sales packaging material

Packaging material in Germany (t)	2018	2019	2020
Glass	60.3	62.6	63.0
Paper/Cardboard	73.5	68.9	71.1
Aluminium	23.3	22.3	23.8
Plastic	43.1	42.7	43.0
Composite material	15.7	17.0	18.0
Total materials	215.9	213.5	218.9

Table 10 – Almirall Germany sales packaging material

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

Eco-design

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

In relation to eco-packaging or sustainable packaging, Almirall developed the following initiatives during 2020:

- Formalise the processes of incorporating environmental criteria in the choice of primary packaging from the early stages of product development in R&D.
- Identification of two plastic reduction initiatives in the packaging of certain products of Almirall:
 - o Blastoactiva: This specialty had planned a change in the color of the cap and this was used to also assess the decrease in its size. There is a proposal to reduce the current plastic by 20%, this proposal must be tested at the plant.
 - o Betalfatrus Lima Tray: remove the EVA rubber material tray with a cardboard tray. This change has been approved and is pending new productions to be implemented.
- Drafting of sustainable packaging guidelines with recommendations for sustainable packaging design.
- Incorporation of life cycle analysis tools for evaluation of the environmental impact of the packaging of new products or changes in existing products. Specifically, a license for the COMPASS® (Comparative Packaging Assessment) program has been contracted, which will allow for rigorous and systematic environmental evaluations of packaging.
- Use of FSC-certified cardboard in product packaging boxes of Almirall's products.

Biodiversity

All industrial and research centres are located in industrial estates, and no significant impacts on biodiversity in nearby protected areas have been identified. In the event of an emergency with a potential environmental impact on the surrounding area, emergency plans are available that describe the actions to be taken to minimise the negative impact on people and the environment. Almirall currently has a non-mandatory environmental risk insurance policy with a cover of 10 million euros.

2.5. Subcontracting and suppliers

Respect for the law, the commitments assumed, the quality of service and contractual good faith form the basis of the relationship between Almirall and its suppliers. Quality, rigour, commitment and excellence are demanded of all suppliers, who represent a source of support for the Group's activity. The commercial relationship with the main suppliers is considered one of Almirall's most important assets and is based on the principle of good contractual faith. Suppliers are required to be reciprocal and transparent in the provision of services and in the information they provide to us regarding their technical and financial solvency.

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

In recent financial years, Almirall has been working to increase and strengthen these processes. Specifically, to detect areas for improvement, a diagnosis of Corporate Social Responsibility was carried out at Almirall in 2016, which concluded with various action plans, including the implementation of a Sustainable Purchasing Programme by Almirall's Purchasing Department. This diagnosis was repeated in 2020 and, as a result, a series of initiatives were identified, including continuous improvement of the Purchasing Sustainability Programme based on a three-year roadmap (2021 to 2023).

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

- In the 2017 and 2018 financial years, a non-financial risk audit of the main suppliers of services and goods was carried out. This affected 110 suppliers with an annual turnover of over 100,000 euros and was conducted by a benchmark external supplier in the market. The results were positive in that no supplier was detected that posed a high social, environmental or ethical risk. Likewise, in 2018, a presentation was made to the Corporate Environment and Occupational Health and Safety Committee which analysed the situation, identified aspects for improvement and defined the next steps. In the first half of 2019, an update was given to the Management Board, which resulted in a specific action plan in the area of sustainable purchasing, including various initiatives.
- In 2019, the following actions were carried out to strengthen consideration of social and environmental responsibility in relations with suppliers and subcontractors not only during the supplier selection and evaluation process but also during the contractual relationship:
 - Renewal of the collaboration with the external supplier that performed the aforementioned audits in order to keep the source of information on the data for the audited suppliers active.
 - Updating of Almirall's Purchasing Department policy to reinforce corporate social responsibility issues (including social, gender equality and environmental aspects) during the supplier bidding and approval processes. In this regard, sustainability was included as part of the department's mission as well as one of the risk categories to be quantified and measured as part of the process of procuring goods and services. The dimensions covered are: ethics, sustainable purchasing, environment and labour, and human rights.
 - A new resource was added to develop and implement a Supplier Risk and Relationship Management Programme with a strong focus on sustainable purchasing.
 - In order to reinforce the Group's commitment to sustainability and communicate expectations related to corporate social responsibility to suppliers, implementation of the Almirall Supplier Code of Conduct was approved. It is available on the corporate website and must be accepted by suppliers during the approval process. Almirall's Supplier Code of Conduct is made up of five blocks (ethical principles, human rights, occupational health and safety, respect for the environment, and quality). Knowledge and acceptance of Almirall's Supplier Code of Conduct during the bidding and approval process is an important element in the evaluation and selection of a supplier, along with other criteria, to ensure that they are aligned with Almirall's ethical, social and environmental commitments. During the approval process, the supplier must accept and commit to compliance with it (and commit to requiring its subcontractors to do the same).
 - Questions related to corporate social responsibility and sustainability actions were included in the Request for Information (RFI) questionnaires to suppliers, as well as during the approval process, which are evaluated by the purchasing specialists when analysing a supplier's suitability.
 - Specific training was given to the Purchasing Department on sustainable purchasing and sustainability.

- As part of a continuous improvement process and the roadmap defined for 2019 and 2020, the following actions were carried out in 2020:

- *Objectives and alignment:*

In the definition of employee objectives for 2020, a cross-cutting objective was included for the Purchasing team related to support for the Sustainable Purchasing programme, as part of the Supplier Relationship Management programme, with various associated behaviours.

- *Audits:*

In 2020, the collaboration with the external supplier that provides auditing services in the area of corporate social responsibility was renewed for the 2020, 2021 and 2022 financial years.

A screening of the global supplier base managed by the Purchasing and External Site Operations teams (the latter department is responsible for suppliers that manufacture finished products) was also done based on predefined criteria (determined by the type of service, the criticality of the service, the level of expenditure in the twelve months prior to the screening and the geography from which the suppliers operate) to segment and determine which suppliers should be asked to undergo a sustainability and corporate social responsibility audit.

After the mass screening, over 190 suppliers were identified and asked to undergo a corporate social responsibility audit in three successive campaigns during the months of July, October and December.

At the close of this report, and based on the results received from more than 130 suppliers, no suppliers were identified as high-risk, and only 26 were identified as medium-risk in accordance with the established methodology. At the close of each campaign, these medium-risk suppliers are asked to take the corrective actions identified as areas for improvement in the audits based on an established action plan. They are also asked to undergo a re-evaluation within the following twelve months. In 2020, suppliers that had already been audited in previous years were re-evaluated and a significant improvement trend was demonstrated in the evaluations.

Likewise, as part of the process, at the close of the campaigns, the suppliers participating in the audits are asked to accept the Code of Conduct (if they have not already done so) through the supplier portal.

- *Training and communication materials:*

In 2020, the Purchasing and External Sites Operations teams received specific training on the following topics:

- Presentation of the Sustainable Purchasing Programme and demo on the platform of the external supplier responsible for managing the audits.
- Specific training in sustainability, corporate social responsibility and corrective action plans, as well as training in the management of sustainable purchasing programmes.

In addition, specific communication materials were prepared for suppliers covering the objectives and expectations of the programme, and post-assessment feedback was provided along with resources and assistance for improving the score and implementing the requested corrective actions, with the aim of ensuring alignment with expectations, commitment to sustainability and continuous improvement on the part of the Group's suppliers.

- *Selection and contracting of suppliers:*

In 2020, the following actions were carried out:

- Work was done on a new action protocol related to supplier selection, available starting in 2021, which includes financial and non-financial risk assessment criteria with a weighting of between 5-10%.
- Clauses relating to compliance with social, ethical and environmental commitments were included in the standard contract for the supply of raw materials (APIs, excipients, packaging, etc.) with specific mention of the Almirall Supplier Code of Conduct and corporate social responsibility audits.

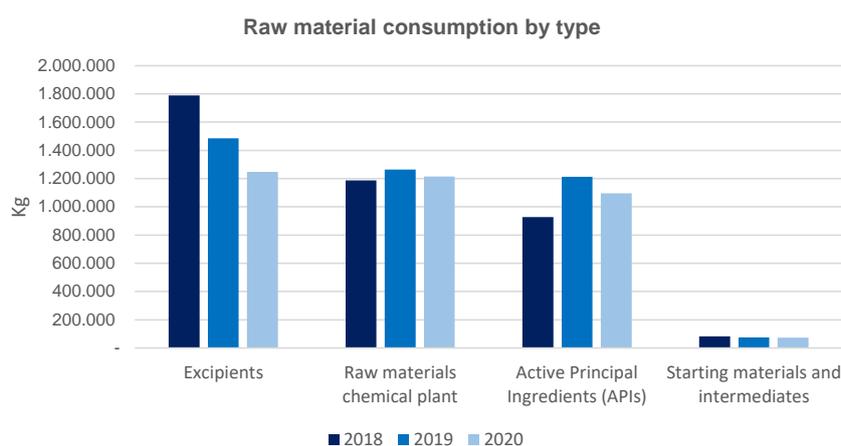
- *Monitoring. KPIs:*

In order to monitor the management of the risks associated with the Group's suppliers, in addition to the audit platform, the key performance indicators (KPIs) that will measure the Sustainable Purchasing Programme are being worked on and defined.

In order to continue improving and promoting sustainability and the criteria of social, ethical and environmental responsibility in supplier contracting, in the next financial year, actions in addition to those indicated above are planned in accordance with the aforementioned three-year roadmap.

For information purposes, the 2018, 2019 and 2020 consumption in physical unit (kgs) of raw materials is shown below:

Raw material type	2018	2019	2020
Excipients	1,789,080	1,484,673	1,246,807
Raw materials chemical plant	1,187,226	1,263,604	1,214,070
Active Principal Ingredients (APIs)	927,152	1,212,566	1,096,436
Starting materials and intermediates	81,616	74,460	72,363
Total	3,985,074	4,035,303	3,629,676



Almirall implemented a new tool in 2019 to manage and analyse supplier purchasing data from SAP. The data on raw materials consumption reported in the non-financial information statement for the financial year 2019 were extracted from this new tool.

In the second quarter of 2020, an error was detected which kept some of the data coming from SAP from being extracted and loaded correctly in the new tool.

Therefore, in this statement of non-financial information for the 2020 financial year, the data related to 2018 and 2019 have been restated, resulting in higher figures than those contained in the report for the year ended 31 December 2019.

3. Employees

3.1. The Almirall Culture

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

It is also committed to the development of its employees and their professional growth within the organisation, which was demonstrated once again by the awarding of the prestigious Top Employers certificate in Spain, for the thirteenth consecutive year, in 2020.

The culture at Almirall is continually reinforced by its Noble Purpose, which puts patients at the centre of everything it does. The Noble Purpose not only inspires employees to do their best, it is also what gives meaning to their efforts and daily work. It has been shared with all employees through workshops to help them better understand its meaning and by listening to numerous personal testimonials and experiences of patients on how they live with their disease. This regular awareness-raising activity with employees is the driving force behind new efforts to find solutions that help transform patients' lives.

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

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

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

Almirall has a highly qualified team made up of people of different nationalities and specialities, with a clear commitment to diversity. In 2020, the diagnoses of Almirall S.A., Industrias Farmacéuticas Almirall, S.A. and Ranke Química S.A. were signed for the new equality plan, which was presented in September 2020. The company has appointed an equality officer who will monitor all the positive actions proposed in the equality plan. The Legal Representation of Workers has appointed an equality delegate for each work centre. Lastly, as part of the equality plan, the need to periodically review the protocol for sexual or gender-based harassment, as well as its functioning and content, has been established.

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

Following the 2018 Engagement Survey, an action plan was defined and implemented. A year later, in 2019, the survey was repeated in order to measure the impact of the plan, with very positive results. The results showed an increase in the level of employee engagement of 12 percentage points. This increase was much higher than that obtained in a composite benchmark involving many companies from different industries, which showed that such an improvement in just one year was very difficult to achieve. Only 10% of the companies had achieved this. In 2020, we continued to implement the initiatives arising from this survey, in addition to strengthening the talent development programmes.

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

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

Different channels exist for achieving these priorities. In 2020, communication was essential in providing support to employees throughout the pandemic process, as well as in transmitting the continuity of the business and giving the teams peace of mind. During the pandemic, the 'Closer to You' site was created on the corporate Intranet to centralise all communications and to accompany employees during the pandemic (more details on this initiative in section 3.3.2, 'Management of training during COVID-19').

Promoting health and well-being

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

At the end of the 2019 financial year, the +YOUFEELFIT Challenge programme was launched to promote collaboration and team spirit, with all Almirall employees encouraged to participate. It was a global challenge, supported by a social web app where employees could voluntarily choose to walk, run, cycle or swim, individually or on teams, for a period of time. While practising these sports, employees accumulated Almirometers (the unit of measure of the challenge) which would be converted to money at the end of the challenge. The top performers would be rewarded with attractive and sports-related prizes, and the money from the Almirometers would be donated to NGOs. In short, +YOUFEELFIT Challenge is one that increases all employees' commitment to the company by creating a culture of physical, emotional and nutritional well-being through a variety of activities.

Participation in +YOUFEELFIT Challenge was very high as was the level of satisfaction, and it successfully generated a very strong commitment among all employees, resulting in new relationships between colleagues and teams, promoting healthy lifestyle habits and increasing positivity and work-life balance among employees.

Due to the pandemic, the conclusion of the +YOUFEELFIT Challenge was postponed until the situation stabilised. For this reason, as an alternative to the challenge, employees were offered a mobile and web application to do exercises at home with different routines that the employees themselves could choose, taking into account their specific needs (for example: Pilates, strength-building exercises, family exercises, prenatal exercises, among many others).

Taking into account the emotional impact of the pandemic, a support plan was also defined for all employees in order to stay close to them and give them all the necessary assistance. Employees received personalised support from the Human Resources teams to resolve doubts and concerns (Human Resources Partners, Health and Safety, Medical Services), and psychological support was provided to all those who needed it.

3.2. Talent recruitment

Almirall insourced the recruitment model by building a highly skilled team of headhunters and recruiters. The role of the headhunter is to identify passive candidates and interact with them, while the role of the recruiter is to attract and evaluate candidates for different positions. This proactive approach to recruiting ensures the existence of a pool of talented candidates and helps simplify applicant tracking to make it possible to hire the best candidate for each position.

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

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

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

Internal employees are a priority

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

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

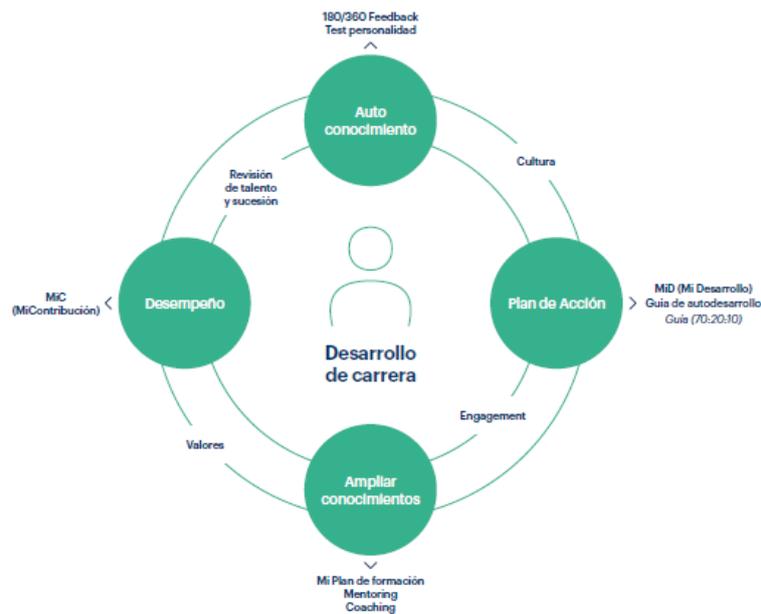
3.3. Training and talent development

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

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

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

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



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

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

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

Team members identify their training needs and share them with their manager in order to be in alignment and then include them as development actions in their MiD.

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

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

3.3.1. The online/offline training plan

In January 2020, Almirall's Training Plan was announced to all company employees. The training plan aims to offer a variety of training courses to help prepare employees for the different stages of their professional careers. This plan is directly aligned with Almirall's strategy, values and competencies.

Employees also have a very proactive role in adapting this plan to themselves over the course of the year, as it serves to align the training offer with their individual development plans. As a first step in professional growth, and as mentioned above, Almirall offers a self-awareness programme that makes employees aware of their strengths as well as their development opportunities.

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

- i. **Culture and Values:** Training focused on developing Almirall's values and behaviours, including:
- Capacity/skills building: The main purpose of this training is to develop critical skills to ensure the success of Almirall's results, such as Feedback, Change Management, Innovation, and Diversity Development and Inclusion. In this category, there is also training on how to make the most out of the My Contribution and My Development processes.
 - Training in critical leadership skills: This leadership programme, known as 'Leadership Path', is based on five programmes adapted to the different career stages. Each training programme is aligned with personal competencies as well as technical business subjects. The base programme is attended by all employees who are individual contributors. This is followed by another specific programme for managers who need to develop the foundations of Almirall leadership, and a third programme aimed at managers who have been leading teams for a minimum of two years. Lastly, there are two programmes: one for senior leaders and another for key global talent identified in Almirall.

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



- ii. **Business:** Training focused on developing technical skills.
- Functional specialisation training: Training focused on increasing the technical and specific skills necessary to fulfil the responsibilities in each of the functional areas of the company. This category contains specific training for finance specialists, product training for sales teams, as well as training related to scientific topics for R&D professionals, among many others.
 - Technical training for non-experts: Training focused on broadening business knowledge for non-experts, such as Finance for Non-Financial Staff, Almirall Strategic Products and Project Management.
 - Training on basic principles: Critical and essential training that all employees must undertake. Some of these topics also have a direct impact on Almirall's culture, such as training on the Code of Ethics, Information Security, Pharmacovigilance and Promotional Compliance.
- iii. **Technological Tools:** Training focused on developing the necessary technological skills to be able to operate the new tools available with greater efficiency and agility. Some examples are: Modern Workplace, to support the Flexible WorkPlace project; Windows 10, Outlook Mail & Calendar; and the Teams application, which has proved essential for holding virtual meetings, which have increased substantially this year due to Covid-19.
- iv. **Languages:** Training programme to develop Almirall's official languages (English and Spanish).

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

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

COVID-19 has had a significant impact on the learning plan. In just a few weeks, it had to be redefined to incorporate many of the courses previously offered only in face-to-face mode into virtual mode. One noteworthy example is the 'On Stage' course, which has been adapted to an innovative virtual reality format which allows self-learning through a unique experience where participants can feel what it is like to present to a real audience from a real stage.

3.3.2. Management of training during COVID-19

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

- A virtual platform, 'Close to You', was created, where new training content is launched weekly related to well-being and the health crisis. This content is important for keeping employees informed about the COVID-19 crisis, centralising all the information and memos published to date and providing quick access to all updates as quickly as possible.
- The content was made available in a variety of formats: articles, online courses, podcasts, challenges, live virtual classes and downloadable guides, among others. The training and well-being content ranged from topics related to teleworking, stress management and skill-building during the pandemic to content also considered relevant at a strategic level for the company, such as topics related to Almirall products and sales, and also highlighting topics related to emotional, physical and nutritional well-being.

These launches were carried out within a very intensive communication framework in which several memos were sent out weekly to make employees feel accompanied and nurtured at all times, despite the pandemic.

These training actions were very well-received and, as a result, many people increased their training time and attention to their own well-being based on this special content.

In summary, through all the initiatives and training programmes implemented this year, it can be highlighted that the results were particularly positive, enabling achievement of the established objectives. Some of the most relevant data from the comparison between 2019 and 2020 is the increase in the number of participants and the decrease in hours due to the impact of e-learning training, short content capsules, compared to the face-to-face training with more dedication in hours:

Category	Gender	2019			2020		
		Participants	Hours	Average	Participants	Hours	Average
Directors	Women	43.0	210.6	4.9	27.0	340.5	12.6
	Men	90.0	214.9	2.4	87.0	271.5	3.1
Managers	Women	537.0	1,915.0	3.6	385.0	1,388.4	3.6
	Men	573.0	2,051.4	3.6	643.0	1,988.1	3.1
Specialists / Technicians	Women	2,880.0	10,837.7	3.8	3,359.0	7,118.8	2.1
	Men	1,925.0	6,826.9	3.5	2,674.0	6,049.3	2.3
Administratives / Operators	Women	1,328.0	5,771.5	4.3	1,533.0	7,263.5	4.7
	Men	1,218.0	6,854.6	5.6	1,288.0	8,468.5	6.6
Total Group		8,594.0	34,682.5	4.0	9,996.0	32,888.7	3.3

(*) 2018 data is not available as per changes in software and categorization introduced in 2019

3.3.3. The future of training - +YOUiversity

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

by employees. This will further promote a culture of learning across the company, democratising training for all employees.

3.3.4. Talent Review and Succession Planning

In 2020, as every year, one of the most important processes for employee development and professional growth was carried out: the talent review and succession planning process whereby the following pillars are strategically analysed, department by department:

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

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

3.4. Remuneration, integration and equality

Almirall's compensation programmes pursue a culture of high performance, with compensation and benefit plans that are aligned with standard market practice and take into consideration the degree of contribution of the position and the performance of each employee. For this reason, Almirall regularly analyses the valuation of the different job positions, as well as the performance of each employee, in order to recognise the performance of each one of them through the annual salary increase process. In addition, the various benefit programmes allow employees to tailor their compensation package to the specific needs of each individual and their families.

In 2020, work was done on a project aimed at building a global organisational structure for the company based on the value of the position as a solid base on which to unify the Compensation and Benefits strategy with certain key Human Resources processes. In 2021 the outcome of the project will be consolidated and communicated, and compensation policies will be adjusted to take this new structure into account.

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

Below is a table with a breakdown of the total remuneration received in 2018, 2019 and 2020 in the Group, broken down by gender, category and age:

Category	Gender	2018	2019	2020
Directors	Women	190,807	211,747	221,309
	Men	294,545	276,823	270,599
	Average	266,881	257,596	254,551
Middle management	Women	108,982	110,717	112,251
	Men	121,371	128,375	129,751
	Average	115,870	120,955	122,260
Specialists/Technicians	Women	63,835	66,925	66,418
	Men	67,232	71,842	70,695
	Average	65,342	69,119	68,301
Administrative staff/Workers	Women	39,234	40,060	40,846
	Men	36,985	36,467	37,041
	Average	38,370	38,561	39,122
Group Total	Women	64,672	67,214	68,044
	Men	80,618	82,560	80,728
	Average	71,917	74,356	73,984

Age	Gender	2018	2019	2020
< 30	Women	46,167	44,994	40,794
	Men	50,936	47,981	42,259
	Average	48,107	46,359	41,580
30 – 50	Women	64,811	68,050	68,429
	Men	72,463	76,874	71,936
	Average	67,876	71,725	69,877
> 50	Women	69,142	70,371	71,681
	Men	95,050	94,896	96,467
	Average	83,583	83,763	84,969
Group Total	Women	64,672	67,214	68,044
	Men	80,618	82,560	80,728
	Average	71,917	74,356	73,984

At year-end 2020, Almirall's unadjusted pay gap (without taking into account job characteristics) averaged 84.3%, i.e. on average, women were paid 15.7% less than men in Total Compensation (Fixed Compensation + Short-Term Variable Compensation).

The calculation formula used was:

$$\text{Average wage gap} = \frac{\text{Average women wage} - \text{Average men wage}}{\text{Average men wage}}$$

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

$$\text{Median wage gap} = \frac{\text{Median women wage} - \text{Median men wage}}{\text{Median men wage}}$$

In this case, overall, the gap is reduced by 46%, from 84.3% (average) to a gap of 91.5% (median).

Almirall reduced its unadjusted average pay gap by 15.5% compared to 2019, and by 20.6% compared to 2018.

On the other hand, the company's weighted pay gap, following the previous year's criteria of calculating this as the country-weighted ratio of the average target salary of women versus men in equivalent jobs whenever there is a minimum representation of one employee per gender, is 94.8%. In 2019, it was 93.5%. Almirall reduced the weighted salary gap with respect to 2019 by 1.4%.

This improvement in the unadjusted gap, both the weighted and the average, is mainly due to the increase in women in the Management category (management/leadership positions), either by internal promotion or by hiring in 2020 (see section 3.7, 'Employment: headcount and distribution').

Lastly, in accordance with the new legislation in Spain (Royal Decree 902/2020) on equal pay for women and men, in the first quarter of 2021 Almirall has been working to calculate the adjusted gap broken down by positions of equal value (positions that are truly equivalent taking into account four valuation factors: contribution, context, requirements and scope). A tool (JET from OMD Consulting) is used to carry out this job evaluation, which offers an adequate, complete and objective evaluation. The valuations resulting from this project will be audited by an external and independent third party to ensure their objectivity and coherence, also providing a report justifying the application of the valuation factors to the positions (in accordance with Article 4 of Royal Decree 902/2020).

With this information, the average and median salary gap will be calculated for the groupings (levels) that are established according to the value of the positions. Subsequently, with econometric and statistical models, salary practices will be modelled in order to identify and quantify the factors responsible for the difference between men and women (organisational, cultural, labour market aspects, etc.) to thus rule out the existence of discriminatory factors in terms of remuneration. The result will be reflected in the adjusted pay gap. By mid-2021 this information will be shared in the remuneration register and in the equality plan that the company is updating for Spain.

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

Board (€)	2019		2020	
	Women	Men	Women	Men
Board of Directors ⁽¹⁾	132,500	267,309	98,125	319,755
Management Board ⁽²⁾	334,813	475,825	376,929	474,483

- 1) Are included remunerations for the Board of Directors, remunerations associated with the position of each member of the board plus the amounts associated with the commissions they perform during the year. The board of directors includes the CEO of the company.
- 2) The remuneration of the Steering Committee includes the base salary received during the year, the short term incentives (STI) and long term incentives (LTI) paid in March of the year and all salary supplements (seniority, school assignments, rental allowances, car supplement and other extraordinary compensations). No payments are included for termination of employment.

3.5. Work organisation

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

In addition to the legally stipulated annual leave, depending on the country, Almirall offers up to seven additional days off to be taken over the course of the calendar year. For a better adaptability to the needs of the employee, these additional rest days can be taken in up to 14 half days.

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

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

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

Due to the exceptional global situation caused by COVID-19, full-time and/or part-time teleworking was promoted for the entire workforce, except for those functions for which, by their nature, this was impossible. In the latter case, all the necessary measures were taken to guarantee the safety and health of employees.

In order to respond to business needs, exceptional measures for flexible working hours, work organisation and annual leave management were negotiated and promoted, thereby ensuring the continuity of business objectives and sustaining the Group's operating models, which ultimately demonstrated the Group's ability to adapt and manage without a major disruption in this exceptional situation.

Almirall, faced with this uncertain situation, constantly evaluates the most appropriate measures to adapt to and address both the health and safety of employees and the business, as indicated in the section 3.11.3, 'COVID-19-related health promotion and management'.

3.6. Social relationships

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

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

Almirall has legal workers' representatives at all its work centres. Due to the company's presence in several countries of the European Union, in 2019 the European Works Council was established, and in 2020 it held an annual meeting with two working sessions, on 20 and 21 October, where issues of common and transversal interest for several countries were addressed. These included the status of production in the company's plants, news on R&D, updates on occupational health and safety, improvements and new developments in computer applications, latest acquisitions and the economic situation of the Group and anticipated headcounts by country. Additionally, the company applies the state and labor legislation of each country in which it has employees, but also in countries such as Spain, Italy and Austria, 100% of its employees with a labor contract are also subject to the correspondent collective agreement.

Benefit Committees

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

One of these is the benefits committee (which carries out an ongoing analysis of the social benefits provided by the company), which this year met to analyse the granting of school and special aid for the 2019-2020 academic year, as well as to review the life insurance policies offered by Almirall. It also reviewed current social benefits which, within the framework of the Collective Agreement signed in 2017, affect Almirall in Spain.

The benefits were agreed upon at this committee meeting include a marriage bonus and a maternity or paternity bonus. Similarly, Almirall offers two additional days of leave to fathers and mothers, which can be extended by two more days in the case of caesarean delivery and hospitalisation.

Record of Hours Worked

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

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

3.7. Employment: headcount and distribution

At the close of the 2020 financial year, Almirall had a total of 1,785 employees, with 26 nationalities represented, 47% men and 53% women, an average length of employment of 13.5 years, 65% with a university degree and 70% experts on the pharmaceutical industry.

Almirall's employees are concentrated in Europe (94%) and the United States (6%). The distribution in professional categories is as follows: 2% Directors, 15% Middle Management, 60% Technical Specialists and 23% Administrative staff/Workers.

The age distribution of Almirall's workforce is as follows: 56% of employees are over 31 and under 50, 7% are under 30, and 37% are over 50.

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

Country	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Spain	618	521	1,139	625	565	1,190	624	574	1,198
Germany	171	129	300	167	120	287	169	127	296
United States	116	88	204	65	46	111	55	43	98
Italy	27	37	64	29	43	72	33	45	78
United Kingdom	16	17	33	17	18	35	18	16	34
Switzerland	10	9	19	9	8	17	11	8	19
Netherlands	1	1	2	9	4	13	9	2	11
Austria	5	5	10	6	5	11	10	5	15
Belgium	2	4	6	4	4	8	7	4	11
Nordic countries	8	6	14	4	3	7	-	3	3
Portugal	4	2	6	5	2	7	5	2	7
Poland	3	-	3	3	1	4	3	-	3
France	-	1	1	-	2	2	3	7	10
China	2	-	2	1	-	1	2	-	2
Group Total	983	820	1,803	944	821	1,765	949	836	1,785

(*) CEO and President not included in the headcount

Professional category	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Directors	12	32	44	13	31	44	14	29	43
Middle management	119	151	270	108	149	257	113	150	263
Specialists/Technicians	605	483	1,088	587	472	1,059	595	471	1,066
Administrative staff/Workers	247	154	401	236	169	405	227	186	413
Group Total	983	820	1,803	944	821	1,765	949	836	1,785

(*) CEO and President not included in the headcount

The presence of women in the Directors category shows an upward trend. At the end of 2020, the gender ratio in this category was approximately 33:67 (women to men). This is a significant improvement over 2019 in terms of the preponderance of men (approximately 30:70) in that category. This reflects Almirall's ongoing effort with respect to achieving gender-parity in the organisational pipeline.

Age	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
< 30	70	49	119	63	53	116	58	62	120
30 - 50	642	431	1,073	594	424	1,018	585	417	1,002
> 50	271	340	611	287	344	631	306	357	663
Group Total	983	820	1,803	944	821	1,765	949	836	1,785

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

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

Type of contract	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Permanent	938	804	1,742	914	800	1,714	929	821	1,750
Temporary	45	16	61	30	21	51	20	15	35
Group Total	983	820	1,803	944	821	1,765	949	836	1,785

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

Age	Gender	2018		2019		2020	
		Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
< 30	Women	50.7	17.7	41.7	17.0	42.5	13.2
	Men	40.7	4.5	39.1	8.2	43.1	11.2
30 - 50	Women	607.1	19.3	575.9	16.5	567.2	11.9
	Men	418.8	9.8	409.0	8.4	409.3	6.4
> 50	Women	272.1	1.8	299.6	1.9	313.5	1.3
	Men	344.8	1.4	352.8	0.8	363.8	0.6
Group Total		1,734.2	54.5	1,718.1	52.8	1,739.4	44.6

Category	Gender	2018		2019		2020	
		Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Directors	Women	10.9	-	12.8	-	13.2	-
	Men	33.7	-	30.8	-	32.2	-
Middle management	Women	123.4	0.2	110.5	0.3	112.0	-
	Men	153.1	2.0	146.3	0.9	147.8	-
Specialists/Technicians	Women	553.3	22.2	562.8	22.8	574.0	15.6
	Men	473.9	7.1	465.2	7.6	458.5	10.3
Administrative staff/Workers	Women	242.3	16.5	231.2	12.3	223.9	10.8
	Men	143.6	6.5	158.5	8.9	177.8	7.9
Group Total		1,734.2	54.5	1,718.1	52.8	1,739.4	44.6

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

The following involuntary severances at Almirall occurred during the 2018, 2019 and 2020 financial years. The following table shows the details of their classification by territory, gender, age and professional classification.

Professional category	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Directors	-	1	1	1	1	2	-	6	6
Middle management	7	4	11	8	7	15	6	7	13
Specialists/Technicians	24	18	42	16	18	34	29	14	43
Administrative staff/Workers	9	2	11	6	3	9	4	5	9
Group Total	40	25	65	31	29	60	39	32	71

Age	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
< 30	4	-	4	-	2	2	1	3	4
30 - 50	22	13	35	19	14	33	21	17	38
> 50	14	12	26	12	13	25	17	12	29
Total Group	40	25	65	31	29	60	39	32	71

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

3.9. Access for people with disabilities

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

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

At Group level, Almirall employs the following group with an accredited degree of disability:

	2018 ⁽¹⁾	2019 ⁽²⁾	2020 ⁽²⁾
Total disabled employees	14	30	33

(1) Information for Germany and USA not available due to data privacy regulations

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

3.10. Absenteeism

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

Country/Hours (*)	2019	2020
Spain	108,164	117,075
Germany	38,694	39,622
Italy	9,094	2,691
Austria	1,129	881
Switzerland	1,107	266
United Kingdom	927	1,318
Nordic countries	201	-
Group Total	159,316	161,853

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

3.11. Health and safety

3.11.1. Management approach

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

At the corporate level, Almirall has a Health and Safety Team, which reports to the Head of Corporate Social Responsibility, who, in turn, reports to the Vice President of Human Resources.

As part of Almirall's commitment to society, one of the priority and strategic objectives that drive our daily activities is the safety, health and well-being of our employees.

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

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

As mentioned in section 2, Almirall has an integrated occupational health and safety, environmental and energy management system. In 2019, Almirall successfully passed the TÜV Rheinland certification audit of the integrated management system, in accordance with international standards ISO 45001:2018, ISO 14001:2015 and ISO 50001:2018, at all its centres in Spain and Germany. In 2020, the first annual follow-up audit was performed by TÜV Rheinland. Due to the extraordinary conditions of the COVID-19 pandemic, the first phase of the audit was performed remotely before the summer, and the second phase was closed in September with site visits to the

centres in Spain and Germany selected by the audit team. The result was very positive, with zero non-conformities identified.

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



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

- Occupational health, safety and environment Manual.
- Risks and opportunities in occupational health, safety and environment.
- Evaluation of occupational risks.
- Legal and other requirements.
- Training in occupational health, safety and environment.
- Communication, participation and consultation in occupational health, safety and environment.
- Management of occupational health, safety and environmental documentation.
- Change control in occupational health, safety and environment.
- Industrial safety in equipment and installations.
- Monitoring of work with special risks.
- Monitoring of suppliers of works and services.
- Road transport of hazardous goods.
- Emergency plans.
- Occupational health, safety and environmental audits.
- Management review of the occupational health, safety and environmental system.
- Incidents, non-conformities and corrective actions.

In 2020, many preventive and employee-health promotion activities were carried out, among which the following basic indicators stand out:

- 13,739 hours of training (up 100% from 6,867 hours in 2019), attended by 2,359 employees (down 8.5% from 2,577 in 2019).
- 230 corrective and improvement actions properly managed in the different areas of the organisation (52% decrease compared to 476 actions in 2019).
- 145 occupational risk assessments related to occupational safety, industrial hygiene, ergonomics, and psycho-sociology at work (down 54% from 313 assessments in 2019).
- 289 suppliers of works and services approved in terms of health and safety to carry out work at Almirall centres (38% increase compared to 209 suppliers in 2019).
- 140 monitoring and control activities (audits, self-inspections, planned observations, etc.) (19% increase compared to 118 activities in 2019).
- 87 incidents and 32 non-conformities, all properly reported, investigated and evaluated (26% fewer incidents compared to 2019 and 62% fewer non-conformities compared to 2019).
- 601 medical check-ups of employees (50% decrease compared to 1,192 check-ups in 2019).

It should be noted here that, due to the appearance at the beginning of 2020 of the COVID-19 health crisis and direct involvement Almirall's health and safety professionals in managing it internally, in 2020 operational activities in this area had to be re-prioritised. This explains the decrease, with respect to the previous year, in the following activity indicators: number of corrective and improvement actions, number of occupational risk assessments, and number of medical check-ups of employees, to highlight the most important ones.

3.11.2. Accidents at work

The tables in this section summarise the main statistical data on accidents at the different Almirall centres for the 2018, 2019 and 2020 financial years.

As can be seen, overall, in 2020, there was a slight uptick in accidents involving disability leave, compared to the data for 2019, a year with extraordinarily low accident levels: 1) Incidence rate: this increased in 2020 by 31% compared to 2019 (8.8 vs 6.7), but a reduction of 24% compared to 2018 was maintained (8.8 vs 11.6); 2) Frequency rate: this increased in 2020 by 29% compared to 2019 (4.5 vs 3.5), but a 26% reduction compared to 2018 was maintained (4.5 vs 6.1); 3) Severity index: this increased in 2020 by 36% compared to 2019 (0.19 vs 0.14), but a 37% reduction compared to 2018 was maintained (0.19 vs 0.3).

This increase is mainly due to a higher accident rate at the Sant Andreu Pharmaceutical Plant, which in 2020 accounted for 10 of the 16 accidents that occurred overall. A plan has been formulated for 2021 to improve the accident rate at this work centre. With regard to the rest of the company's centres, it should be noted that in 2020 there were zero accidents at the headquarters, the Sant Feliu R&D Centre and at all the commercial subsidiaries except Switzerland, where there was one minor accident.

It is important to note that, taking as a reference the official accident rate data for the last period published by the Ministry of Labour, Migration and Social Security, the incidence rate of accidents with disability leave in 2020 was 60% below the level of the Industry Sector, Pharmaceutical Products Manufacturing Division (8.8 vs 22.1). Likewise, the severity rate of accidents resulting in disability leave in 2019 was 80% below the level of the Industry Sector, Manufacturing Industry Division (0.19 vs 0.94).

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

Centre:	General data		Disability leave				
	Average workforce (1)	Hours worked (2)	Accid.	Days lost	I _i (3)	I _F (4)	I _G (5)
Headquarters	305	580,536	-	-	-	-	-
Sant Feliu R&D Centre	223	424,265	2	535	9.0	4.7	1.26
Sant Andreu Pharmaceutical Plant	384	729,912	4	38	10.4	5.5	0.05
Reinbek Pharmaceutical Plant	112	254,363	2	26	179.0	7.9	0.10
Chemical plants	70	133,496	3	13	42.9	22.5	0.10
Commercial subsidiaries	541	1,008,872	8	325	14.8	7.9	0.32
2018 Total	1,635	3,131,444	19	937	11.6	6.1	0.30
Women	882	1,690,979	9	528	5.5	2.9	0.17
Men	753	1,440,465	10	409	6.1	3.2	0.13

Table 1. Accident data in 2018

Centre:	General data		Disability leave				
	Average workforce (1)	Hours worked (2)	Accid.	Days lost	I _i (3)	I _F (4)	I _G (5)
Headquarters	303	585,616	-	-	-	-	-
Sant Feliu R&D Centre	235	450,736	-	41	-	-	0.09
Sant Andreu Pharmaceutical Plant	423	814,776	5	164	11.9	6.2	0.20
Reinbek Pharmaceutical Plant	118	268,787	3	63	25.4	11.2	0.23
Chemical plants	68	131,816	-	-	-	-	-
Commercial subsidiaries	644	1,235,261	4	226	6.2	3.2	0.18
2019 Total	1,791	3,486,992	12	494	6.7	3.5	0.14
Women	958	1,864,997	9	335	5.0	2.6	0.10
Men	833	1,621,995	3	159	1.7	0.9	0.05

Table 2. Accident data in 2019

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

Table 3. Accident data in 2020

Notes:

- (1) No. of workers: average number of workers in the period.
- (2) No. hours worked: number of planned hours worked + number of overtime hours – number of absence hours.
- (3) Incidence rate: number of accidents per thousand workers.
- (4) Frequency rate: number of accidents per million hours worked.
- (5) Severity rate: number of days lost per thousand hours worked.
- (6) The U.S. subsidiary joined the global occupational safety and health reporting system in 2019.
- (7) All reported accidents are of a minor nature, i.e. none are serious, very serious or fatal.
- (8) Through the occupational health and safety management system and the identification, evaluation and control mechanisms, no workers with a high incidence or high risk of occupational diseases have been identified. No occupational diseases were identified and reported in 2020.

3.11.3. COVID-19-related health promotion and management

Almirall is firmly committed to promoting good health, with the aim of contributing to the health of its employees through training, communication, awareness-raising and health monitoring initiatives that encourage healthy lifestyles and well-being, both inside and outside the workplace. In 2019, an ambitious health promotion programme was implemented with a total of 1,575 participations in campaigns for the prevention of cardiovascular pathologies, detection of dermatological pathologies, detection of thyroid pathologies, prevention of prostate pathology, among others. In 2020, with the onset of the health crisis caused by COVID-19, the planned programme of health promotion campaigns had to be halted, and all the efforts of the Health and Safety Team and its Medical Services had to be focused on defining preventive measures and intensive monitoring of workers' health.

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

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

- Monitoring of compliance with standards: active monitoring of the level of compliance with the prevention rules implemented.

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

- Proactive case management of infection and investigation of close contacts: a total of 49 confirmed cases of COVID-19, as well as 101 possible or suspected cases, were managed in 2020. In addition, 244 close contacts were identified, mostly from contacts outside the workplace.
- Serological testing of workers to detect asymptomatic positive cases: 1,370 serological tests were performed in 2020.
- Contingency measures with PCR diagnostic tests to ensure business continuity in the event of local infections: 165 PCR tests were performed in 2020.
- Temperature control at the entrances to the work centres.
- Daily provision and mandatory use of surgical masks in the workplace and during work.
- Campaign to reinforce the need for flu vaccinations this year.

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

- Employees: protection of workers' health, adopting the necessary preventive measures and monitoring all cases.
- Supply chain: in the industrial area, a Crisis Group was set up to closely assess the status of the different production centres and the impact on the supply chain, and how this could affect the availability of Almirall's products. It reacted when necessary from the following perspectives: a) products for sale in key markets and risk areas; b) continuity of operations in industrial centres (internal and external), as well as disruptive effects in the event of a lack of components; c) impact on current product launch projects.
- It should be noted that in 2020, expenses of €1,284,000 and investments of €158,000 have been quantified, linked to both adaptation of the facilities to the new healthcare requirements and management of personnel in view of the mobility restriction.

The general management of the information and training area in response to COVID-19 is worth mentioning in this strategy. It has had to be adapted to continue offering an efficient service in keeping with the objectives set at the beginning of the year. The following is a summary of the actions taken to meet the challenges set by COVID-19 in this area:

- A virtual platform, 'Close to you', was created on which new content is launched periodically, related to both training and well-being, as well as relevant news on the health crisis to keep employees informed about the COVID-19 crisis, to centralise all the information and memos published and to provide quick access to all updates as soon as they have been shared.
- This information was made available in a variety of formats: articles, online courses, podcasts, challenges, live virtual classes and downloadable guides, among others. The training and well-being content ranged from topics related to teleworking, stress management and skill-building during the pandemic to content also considered relevant at a strategic level for the company, such as topics related to Almirall products and sales, and also highlighting topics related to emotional, physical and nutritional well-being.
- Also in relation to well-being, a support plan was defined for all employees in order to be close to them and to give them all the necessary assistance. Employees received personalised support from the Human Resources teams to resolve doubts and concerns (Human Resources Partners, Health and Safety, Medical Services), and psychological support was provided to all those who needed it.
- It should also be noted that in the area of physical well-being, the +YOUFEELFIT Challenge mentioned above was transformed to adapt to the health situation and now offers an app so that employees can exercise from home with different routines that they can choose themselves, taking into account their specific needs (for example: Pilates, strength-building exercises, family exercises, prenatal exercises, among many others).

These launches were carried out within a very intensive communication framework in which several memos were sent out weekly to make employees feel accompanied and nurtured at all times, even in times of a pandemic.

The feedback received about these impacts was very positive and many people were able to stay informed, get training and think about their well-being.

3.11.4. Worker participation and consultation

With regard to employee participation and consultation, Almirall not only scrupulously complies with the commitments assumed in the different negotiation frameworks in each territory (for example, in Spain, the 19th General Chemical Industry Agreement) but also goes one step further by further developing its continuous improvement system.

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

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

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

Table 4 lists the nine Health and Safety Committees/ASA Committees in operation at Almirall's centres in 2020, as well as the 78 meetings held during the year (152% increase compared to the 31 meetings held the previous year).

Health and Safety committee meetings were disrupted in 2020 by the COVID-19 pandemic. For this reason, meetings focused exclusively on monitoring the management of the pandemic were held at the different centres, with this taking precedence over the ordinary issues existing at that time.

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

Table 4 – Health and Safety Committees/ASA Committees.

As a general assessment of what was discussed in the formal meetings of the different Health and Safety Committees/ASA Committees held during 2020, it can be concluded that, the COVID-19 crisis apart, no special issues arose that required comments beyond what is described in the minutes of these meetings and in any corrective and improvement actions that may have been managed through PREVAL.

4. Community and Society

4.1. Respect for human rights

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

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

Guaranteeing the right to decent work is an essential part of the human rights sphere, as has been recognised by international organisations such as the UN and the ILO. In this regard, the policies that govern Almirall's actions in

this area (equality, diversity and harassment protocols, as well as the Code of Ethics) are based on compliance with the labour regulations/legislation in force at all times. To this end, due diligence procedures have been implemented to ensure compliance with these regulations. These procedures materialise in the design and implementation of policies, plans and programmes that allow the company to verify compliance and proper observance of human rights within Almirall.

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

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

Lastly, it should be noted that Almirall also has whistleblowing channels available to all its employees, through which they can report any action that they believe constitutes or may constitute or result in a human rights violation. The existence of these reporting tools is widely known and, as they can be used by any worker, they represent an excellent mechanism for ensuring compliance with human rights at all levels. The whistleblowing channels are highly useful because, in addition to bringing possible violations of fundamental rights to Almirall's attention, they also allow the company to combat the violations and act proactively to prevent potential violations, thereby ensuring that human rights are promoted and respected. In 2020, three complaints were submitted through the whistleblowing channel in the United States and handled in accordance with the Group's internal procedures. No complaints have been submitted in Europe.

4.2. Commitments to sustainable development

In its daily activity, Almirall has close ties with all the stakeholders involved in the fields of research and healthcare. It seeks to maintain a fluid relationship with all of them, from patients, doctors and suppliers to partners, investors and NGOs.

Patients

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

Health professionals

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

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

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

- International Psoriasis Council (IPC)
- The International League of Dermatological Societies (ILDS)
- Psoriasis from Gene to Clinic (Psoriasis G2C)
- International Federation of Psoriasis Associations (IFPA)

- The American Acne and Rosacea Society (AARS)

In 2020, we collaborated with a wide range of patient organisations (POs) that support skin disease sufferers and patients in other areas of strategic focus for Almirall. This direct contact with patient advocacy is in line with the commitment to build mutual respect and trust among the company's stakeholders.

This year, collaboration continued with the Healthy Habits Project in partnership with Acción Psoriasis to address the need for guidance and support for psoriasis patients in terms of diet, nutrition, physical activity and emotional well-being. By the end of 2020, nearly 1,500 patients had completed a detailed nutrition survey. The results are being analysed at the same time as the first personalised healthy nutrition pyramid for psoriasis patients is being developed.

In addition to the above, we have also collaborated with Acción Psoriasis in Spain on the 24th Psoriasis Day on 20 May and World Psoriasis Day on 29 October 2020.

In the area of multiple sclerosis (MS), through Sativex®, an innovative treatment for muscle spasticity, the company is collaborating with national organisations such as the Multiple Sclerosis Association of Spain, through the fifth edition of linkEM from 25 to 27 November, a forum for sharing information and tools to spur the creation of new research projects and studies that address quality of life issues for people with MS.

Other projects carried out during the 2020 financial year included: the MOUT-TE race, with more than 2,000 runners; the Apple campaign, which raised money and gave visibility to the 9,000 families of patients with multiple sclerosis in Catalonia; and finally the *Mulla't (Get Wet)* campaign, an event held at 650 swimming pools in Catalonia that attracted 100,000 participants, which made a significant impact in the press with the generation of 400 news items. In addition to the above, the company also participated in World Multiple Sclerosis Day under the theme "Connections", addressing the social barriers faced by people with multiple sclerosis and advocating for better services and care for these patients.

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

Lastly, the association with the Acne and Rosacea Society of America was maintained to increase understanding of the disease among dermatologists and patients.

Strategic partners

The company believes that agreements with other companies help them to offer a balanced and competitive product portfolio and also serve to enhance their business growth. Almirall is, therefore, continuously looking for collaborations and associations that will enhance its R&D capabilities, expand the pipeline and help it achieve its objectives. Its strategic partnerships cover the entire drug value chain and allow it to share efforts, resources and risks for the purpose of discovering innovative treatments in the dermatology field. The most important strategic partners during the 2020 financial year were the following:

- 23andMe
- Bioniz Therapeutics, Inc.
- WuXi Biologics
- Dermira

Non-Governmental organisations

Almirall works with several non-profit organisations to promote activities, offer services and fund projects that they consider fundamental for the social development of the most disadvantaged populations and regions. For example, the company maintains close relationships with patient organisations and patient advocacy groups, collaborating on projects and placing the company's expertise at their disposal. This provides a complete picture of their needs, the conditions surrounding their diseases and the emotional and social barriers they face, allowing Almirall to empathise with their situation and detect new areas of research.

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

million people die from NCDs, making it the leading cause of death and disability worldwide, and 32 million of these deaths disproportionately affect people in low- and middle-income countries.

In 2020, the COVID-19 pandemic brought to the forefront the critical need for strong and resilient health systems that can rapidly respond to and balance the demands and challenges of both chronic and infectious diseases. In 2020, Access Accelerated joined forces with PATH, a global NGO, to work together in Kenya, Ghana and Vietnam to transform the response to NCDs using a data-driven approach that strengthens primary health care and supply chain activities. This involves working closely with each country's ministry of health and local stakeholders to create patient-centred solutions that can be leveraged and scaled to maximise Access Accelerated's core investment in different countries and regions.

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

Associations and health authorities

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

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

In addition, Almirall develops several awareness campaigns for various pathologies focused on contemporary society. This helps patients learn how to manage the symptoms of the diseases they suffer from and raises awareness in the general public regarding the impact these diseases have on patients. The company works with different organisations to promote healthy habits and study the impact of diseases, as well as to increase participation in other global initiatives in multiple countries.

In Spain, several collaboration agreements have been entered into with national and regional health administrations, as well as with hospital pharmacy departments. The main projects in 2020 were in the area of telepharmacy, telecare, home delivery and external distribution, as a result of the specific health situation that has spurred a series of changes at these levels, in addition to teledermatology projects with the participation of dermatologists.

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

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

The year 2020 was a year marked by the global health crisis caused by the COVID-19 pandemic. In these exceptional times of uncertainty, Almirall continued its activities to care for the health of patients and joined the fight to provide a unified global response to the COVID-19 pandemic.

It also implemented an action plan valued at over €430,000 that included a wide range of measures to respond to the COVID-19 pandemic, mitigate its adverse effects and provide health professionals with the appropriate tools.

Over the course of 2020, Almirall launched several initiatives around the world:

- Donation of more than 112,000 units of Blastoactiva and Balneum topical creams to several hospitals in Spain, the UK, Poland and Germany to help healthcare professionals treat dry and irritated skin due to prolonged mask and goggle use and repeated hand washing and hand disinfection.
- Sponsorship of the initiative led by Centro Tecnológico Leitat to design and develop the first industrialised and reusable 3D printed respirator with a financial contribution of €50,000. Authorised by the Spanish Agency of Medicines and Health Products (AEMPS), it helped to lighten and support the workload of hospitals, especially in the ICU.
- Grants to several hospitals in Italy, Spain and Portugal to ensure that health professionals have the necessary supplies and equipment.

- Donation of more than 30,000 units of personal protective equipment, including masks, gloves, goggles and Tyvek gowns, to several hospitals, health centres and institutions in Barcelona and its surrounding areas. Delivery of more than 200 items of laboratory equipment and materials to Spanish health authorities and research centres.
- Contribution of €10,000 to finance the creation of a field hospital in Sant Andreu de la Barca (Barcelona) to care for patients with COVID-19.
- Partial reuse of the facilities of the production plant in Reinbek (Germany) to manufacture 10,000 hand sanitiser gel dispensers, which were delivered to hospitals and health centres in Germany and Portugal.

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

4.4. Group tax information

4.4.1. Almirall's tax policy

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

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

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

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

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

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

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

4.4.2. Tax contribution

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

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

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

With regard to taxes paid, and specifically in relation to income taxes paid or collected, the information for the last three financial years is as follows:

Millions of euros Payments/(Charges) by location	2018			2019			2020		
	Relating to prior years	Payments on account for the year	Total	Relating to prior years	Payments on account for the year	Total	Relating to prior years	Payments on account for the year	Total
Spain	(29.2)	20.7	(8.5)	(20.9)	19.3	(1.6)	-	11.2	11.2
Germany	4.3	8.1	12.4	1.5	9.6	11.1	0.8	10.7	11.5
Italy	-	2.9	2.9	-	2.6	2.6	-	0.9	0.9
Switzerland	-	3.5	3.5	-	3.1	3.1	-	3.2	3.2
United States	0.4	(8.9)	(8.5)	(0.7)	3.4	2.7	-	(1.4)	(1.4)
Other countries	0.9	0.7	1.6	0.2	0.5	0.7	0.1	0.8	0.9
Group Total	(23.6)	27.0	3.4	(19.9)	38.5	18.6	0.9	25.4	26.3

4.4.1. Pre-tax net profit by country.

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

Net income before taxes (euro thousand)	2018	2019	2020
Spain	253,422	75,854	24,927
The Netherlands	5,756	7,045	12,724
Belgium	112	154	117
Portugal	163	387	282
United Kingdom	869	1,530	727
France	2,236	2,544	2,091
Poland	98	26	24
Germany	34,682	31,683	36,406
Austria	262	1,079	367
Italy	7,212	6,744	17,876
Denmark	218	225	269
USA	66,810	(59,591)	(118,921)
Switzerland	26,346	24,558	41,523

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

- The increase in the base for permanent differences in 2020 is mainly due to the allocation of impairment losses on US subsidiaries. The decrease in the base for permanent differences in financial year 2020 is basically due to the reduction in the tax base of income from the transfer of intangible assets, to reversals of impairment losses on certain European companies subsidiaries and to the distribution of dividends between Almirall SA and some of its subsidiaries.
- The decrease in the base for permanent differences in fiscal year 2019 was basically due to the reduction in the tax base of income from the transfer of intangible assets, to reversals of impairment losses on subsidiaries and to distribution dividend between Almirall SA and some of its subsidiaries.
- The decrease in the base for permanent differences in 2018 was basically due to the reduction in the tax base of income from the transfer of intangible assets as well as to reversals of impairment losses, while the increases basically correspond to the different tax treatment of impairment losses.

In relation to government subsidies, the information can be found in note 18 of the consolidated annual accounts at the close of the 2020 financial year.

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

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

4.5.1. Quality Systems

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

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

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

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

A significant number of international health authorities conduct regular inspections at manufacturing plants to verify that they comply with the established quality standards. The favourable results of external audits and inspections by health authorities, international bodies and customers in 2020 demonstrate Almirall's commitment to the quality and safety of its products.

Evolution in the number of external audits and inspections:

Inspection body	2019	2020
Health Authorities	19	14
External inspections by partners	4	4

A total of 18 quality inspections were managed in 2020. The inspections covered different types of products (pharmaceuticals, medical devices and cosmetics) and were conducted by inspectors from different countries, using various local and international regulations as a reference. 14 inspections were managed by different health authorities and/or certification entities and the rest by external partners. The inspectors came from at least 8 different countries and focused on 11 different manufacturing sites (from the Almirall group and/or subcontracted manufacturers).

Almirall has a Quality Assurance and Pharmacovigilance system that defines the roles, responsibilities and procedures to be followed, with the ultimate goal of ensuring the quality of products and ensuring the safety of patients/customers in the supply, manufacturing and distribution chain of its products.

Almirall works with suppliers of starting materials and services that impact the quality of the product, all of them previously approved by Quality Assurance. Within the processes of approval and continuous verification of the quality of suppliers, annual audit plans are established for their facilities. As a reference, 63 audits were conducted in 2020 with the following distribution:

Area	Supplier type	Results			
		Fiscal year	Number of quality audits	Favorable	Unfavorable
Manufacturing	Starting materials & services	2019	120	120	-
		2020 (*)	60	60	-
Commercial	Distributors & transport companies	2019	12	12	-
		2020 (*)	3	3	-

(*) Due to the context of the COVID19 pandemic, inspections initially planned for 2020 were re-planned to 2021 according to the action criteria established by the Health Authorities during 2020.

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

The functions of the Quality Assurance department, among others, include the collection of information on market quality claims, their processing with the central and / or the manufacturer for their evaluation and investigation, as well as being the contact persons with the national health authorities of each country. The functions of the Pharmacovigilance department include the collection of information on possible adverse reactions (side effects), their processing at the central office for evaluation, as well as the contact persons with the national authorities of each country.

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

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

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

	2018	2019	2020
Number of drugs complaints (ppm)	5.7	5.1	4.6
Medicines released (units)	105,140,891	104,209,910	102,328,984
Number of complaints about APIs (ppm)	-	-	-
APIs released (kg)	135,227	124,465	129,943
Number of quality inquiries received	1,497	1,268	1,052

As of the date this document was issued, more than 96% of the inquiries received in 2020 had been answered promptly, and the rest are being processed, with the objective of closing them on schedule.

4.5.2. Pharmacovigilance Systems

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

The corporate pharmacovigilance department, part of the R&D organisation, is composed by staff with background and experience in live sciences (includes physicians, pharmacists, etc.) . Main activities include the evaluation of the safety information collected, carry out follow-up activities if necessary to find out more details about the reported reaction as well as the preparation and distribution of safety reports to the health authorities in accordance with current guidelines. This team is also responsible for ensuring that the safety information available in the package leaflets is up to date at all times with regard to adverse reactions. This activity is ongoing throughout the whole life-cycle for the product (ie. from the first authorisation of the product until its marketing authorisation is cancelled).

In addition at Almirall there is a corporate committee devoted to safety, the drug safety committee, which is the governance body responsible for endorsing relevant decisions on safety matters as well as for ensuring compliance with legislation and patient/consumer safety.

In order to guarantee the continuity of the Pharmacovigilance activities, there is a business continuity plan, which was activated due to the COVID-19 pandemic in 2020, the most noteworthy feature of which was the implementation of home base working as well as the implementation of pharmacovigilance measures and recommendations from the European Medicines Agency (EMA) specific to business continuity during the pandemic. The pandemic has had no impact on the Pharmacovigilance system and its performance.

Key adverse reaction metrics for the last three years are as follows:

	2018	2019	2020
No. of adverse reactions received and processed at Almirall	3,797	4,291	3,518
No. of adverse reactions reported to European Health Authorities (EMA) as required by current legislation	1,034	1,269	1,330

The safety information collected in 2020 does not alter the benefit/risk profile of Almirall products and has not been the subject of safety-related regulatory action by the competent health authorities.

5. About this report

5.1. Scope of the report

This report covers the period from 1 January to 31 December 2020, corresponding to Almirall's financial year. In the sections where historical data appears, figures for the last three financial years (2018-2020) have been included.

For the purposes of this report, Almirall S.A. and all its subsidiaries are referred to as "Almirall" or "the Group". The information reported includes all the Group's subsidiaries. A list of Almirall's subsidiaries can be found in the Appendix to the Consolidated Financial Statements for the year ended 31 December 2020.

The financial information included in this report is derived from the Consolidated Financial Statements for the year ended 31 December 2020.

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

Almirall incorporates the content of this non-financial information in this Management Report. Additionally, it prepares an Annual Report, a document in which it accounts for its social and environmental policies, as well as its commitment and performance in sustainability and ESG matters. In it, the Group offers detailed information about the actions performed related to the matters described above.

5.2. Principles of preparation

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

- Inclusion of stakeholders: Almirall maintains a constant dialogue with all its stakeholders. The company is able to anticipate their concerns to meet their expectations and interests.
- Sustainability context: Almirall aspires to contribute to economic, environmental and social progress at local, regional and global levels. The 2020 performance information is contextualised within the framework of the regions where it operates.
- Materiality: Almirall focuses the content of this report on issues on which it has a significant economic, environmental and social impact, as well as those that could substantially influence the decisions and assessments of its stakeholders.
- Completeness: The significant issues included in this report sufficiently reflect the most significant social, economic and environmental impacts of the group to enable stakeholders to assess its performance over the course of the financial year.

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

Area	Content	Related GRI Standards	Reference to Statement of Non-Financial Information (page no.)
Business model	Brief description of the group's business model, including: 1) its business environment, 2) its organisation and structure, 3) the markets in which it operates, 4) its objectives and strategies, 5) the main factors and trends that may affect its future development.	102-1, 102-2, 102-3, 102-4, 102-6, 102-7	1 "Business Model" (p. 3)
Policies	A description of the group's policies with respect to these matters, including: 1) due diligence procedures applied for identification, assessment, prevention and mitigation of significant risks and impacts 2) verification and control procedures, including the measures adopted.	103	2 "Environmental management" (p. 12) 4 "Community and Society" (p. 36) 3 "Employees" (p. 24) 1.6 "Prevention, Anti-money laundering and Control of contributions to foundations and non-profit organisations" (p. 11)
Short-, medium- and long-term risks	The principal risks associated with the group's activities in relation to these issues, including, where relevant and proportionate, any of its business relationships, products or services that might have an adverse impact in the group's activities in relation to those areas; and - how the group manages said risks, - explaining the procedures used to detect and assess them in accordance with the national, European or international reference frameworks for each matter. - Information should be included on the impacts that have been identified, providing a breakdown of these impacts, in particular the main short-, medium- and long-term risks.	103 (102-15)	2 "Environmental management" (p. 12) 4 "Community and Society" (p. 36) 3 "Employees" (p. 24) 1.6 "Prevention, Anti-money laundering and Control of contributions to foundations and non-profit organisations" (p. 11) 4.2 "Commitments to sustainable development" (p. 42) 2.5 "Subcontracting and suppliers" (p. 22)
KPIs	Non-financial key performance indicators relevant to the specific business activity and that meet the criteria of comparability, materiality, relevance and reliability. - In order to facilitate the comparison of information, both over time and between entities, non-financial key indicator standards that can be generally applied and that comply with the European Commission's guidelines on this matter and the Global Reporting Initiative standards shall be used, and the national, European or international framework used for each matter shall be mentioned in the report. - The non-financial key performance indicators should be applied to each of the sections of the statement of non-financial information. - These indicators should be useful, taking into account the specific circumstances, and consistent with the parameters used in its internal risk management and assessment procedures. - In any case, the information submitted must be accurate, comparable and verifiable	102-8, 201-4, 301-1, 302-1, 302-4, 303-1, 304-2, 305-1, 305-2, 306-2, 401-1, 403-1, 403-2, 403-3, 405-1, 405-2, 406-1, 407-1, 408-1, 409-1, 413-1	2 "Environmental management" (p. 12) 4 "Community and Society" (p. 36) 3 "Employees" (p. 24)
Environmental issues	Global environment		
	1) Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety, environmental assessment or certification procedures; 2) Resources dedicated to the prevention of environmental risks; 3) The application of the precautionary principle, the amount of provisions and guarantees for environmental risks. (e.g. derived from the environmental liability law)	103 (102-11)	2 "Environmental management" (p. 12)
	Pollution		
	Measures to prevent, reduce or remediate carbon emissions that seriously affect the environment, taking into account any form of activity-specific atmospheric pollution, including noise and light pollution.	103	2.2 "Pollution" (p. 14)
	Circular economy and waste prevention and management		
	Circular economy	103	2.4 "Waste management, eco-design and biodiversity" (p. 19)
	Waste: Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste;	103 (306-2)	
	Actions to combat food waste.	103	Not applicable
	Sustainable use of resources		
	Water consumption and water supply according to local constraints;	303-1	2.3.2 "Water consumption and wastewater discharges" (p. 19)
Consumption of raw materials and measures taken to improve the efficiency of their use;	301-1	2.5 "Subcontracting and suppliers" (p. 22)	
Direct and indirect energy consumption, measures taken to improve energy efficiency and the use of renewable energies.	103, 302-1, 302-4	2.3.1 "Power consumption" (p. 18)	

Area	Content	Related GRI Standards	Reference to Statement of Non-Financial Information (page no.)	
	Climate Change			
	The significant elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces;	103, 305-1, 305-2	2.2.1 "Climate change and greenhouse gas emissions" (p. 14)	
	Measures taken to adapt to the consequences of climate change;	103		
	The reduction targets voluntarily established in the medium and long term to reduce greenhouse gas emissions and the means implemented for this purpose.	103		
	Biodiversity protection			
Measures taken to preserve or restore biodiversity;	103	2.4 "Waste management, eco-design and biodiversity" (p. 19)		
Impacts caused by activities or operations in protected areas.	304-2			
Social issues and concerning personnel	Employment			
	Total number and distribution of employees by gender, age, country and job classification;	103, 102-8, 405-1	3.7 "Employment: headcount and distribution (p. 33)	
	Total number and distribution of employment contracts,	102-8	3.7 "Employment: headcount and distribution (p. 33)	
	Average annual number of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification,	102-8, 405-1	3.7 "Employment: headcount and distribution" (p. 33)	
	Number of dismissals by gender, age and professional classification;	401-1	3.8 "Layoffs by gender, age and occupational classification/country" (p. 35)	
	Average remunerations and their evolution disaggregated by gender, age and professional classification or equal value; Wage gap, the remuneration of equal or average jobs in society,	405-2	3.4 "Remuneration, integration and equality (p. 30)	
	The average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term savings schemes and any other payments broken down by gender,	103	3.4 "Remuneration, integration and equality (p. 30)	
	Implementation of work disconnection policies,	103	3.5 "Work organisation" (page 32)	
	Employees with disabilities.	405-1	3.9 "Access for people with disabilities" (p. 35)	
	Work organisation			
	Organisation of working time	103	3.5 "Work organisation" (p. 32)	
	Number of absence hours	403-2	3.10 "Absenteeism" (p. 36)	
	Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of these rights by both parents.	103	3.5 "Work organisation" (p. 32)	
	Health and safety			
	Health and safety conditions at work;	103	3.11 "Health and safety" (p. 36)	
	Occupational accidents, in particular their frequency and seriousness, Occupational diseases, disaggregated by gender.	403-2, 403-3	3.11.2 "Accidents at work" (p. 37)	
	Social relationships			
	Organisation of social dialogue, including procedures for informing, consulting and negotiating with employees;	103 (407-1)	3.6 "Social relationships" (p. 32)	
	Percentage of employees covered by collective agreement by country;	102-41		
	The balance of collective agreements, particularly in the field of health and safety at work.	403-1	3.11.4 "Worker participation and consultation" (page 41)	
	Training			
	The policies implemented in the area of training;	103	3.3 "Training and talent" (p. 26)	
	The total number of training hours per professional category.	404-1		
	Universal accessibility for people with disabilities	103	3.9 "Access for people with disabilities" (p. 35)	
	Equality			
	Measures taken to promote equal treatment and opportunities for women and men;	103	3.4 "Remuneration, integration and equality (p. 30)	
	Equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for people with disabilities;	103		
	The policy against all types of discrimination and, where appropriate, diversity management.	103	3.4 "Remuneration, integration and equality (p. 30) 4.1 "Respect for human rights" (p. 41)	
	Human rights	Implementation of human rights due diligence procedures Prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and redress possible abuses;	103, 102-16, 102-17	4.1 "Respect for human rights" (p. 41)

Area	Content	Related GRI Standards	Reference to Statement of Non-Financial Information (page no.)
	Complaints of human rights violations;	103	
	Promotion and enforcement of the provisions of the core conventions of the International Labour Organisation related to respect for freedom of association and the right to collective bargaining;	407-1	
	The elimination of discrimination in respect of employment and occupation;	103 (406-1)	
	The elimination of forced or compulsory labour;	409-1	
	The effective abolition of child labour.	408-1	
Corruption and bribery	Measures taken to prevent corruption and bribery;	103, 102-16, 102-17	1.6 "Prevention, Anti-money laundering and Control of contributions to foundations and non-profit organisations" (p. 11)
	Measures to combat money laundering,	205-2	
	Contributions to foundations and non-profit entities.	413-1	
Social issues	Company commitments to sustainable development		
	The impact of the company's activity on employment and local development;	103	4.2 "Commitments to sustainable development" (p. 42)
	The impact of the company's activity on local populations and in the territory;	103	
	The relations maintained with local community actors and the modalities of dialogue with them;	102-43	
	Partnership or sponsorship actions.	102-12, 102-13	
	Subcontracting and suppliers		
	The inclusion of social, gender equality and environmental issues in the procurement policy;	103 (102-9)	2.5 "Subcontracting and suppliers" (p. 22)
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility;		
	Monitoring systems and audits and their results.	103	
	Consumers		
	Measures for the health and safety of consumers;	103	4.5.2 "Pharmacovigilance Systems" (p. 48)
	Complaint systems, complaints received and their resolution.	103	4.5.1 "Quality Systems" (p. 47)
	Tax information		
Earnings obtained on a country-by-country basis;	103	4.4 "Group tax information" (p. 45)	
Taxes on profits paid			
Public subsidies received	201-4	1.6 "Prevention, Anti-money laundering and Control of contributions to foundations and non-profit organisations" (p. 11)	