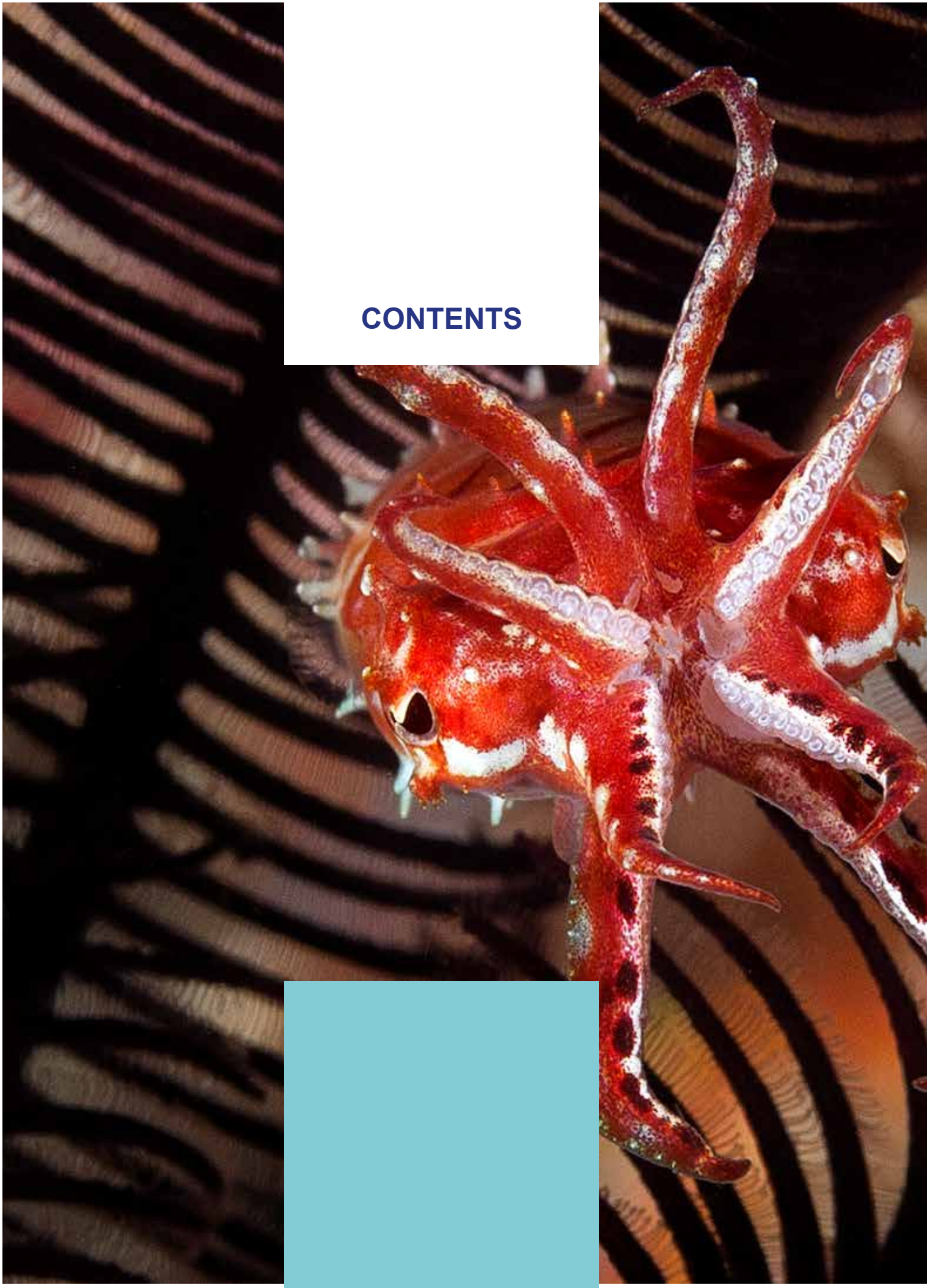





CONSOLIDATED NON - FINANCIAL **INFORMATION STATEMENT**

2020

Pharma Mar



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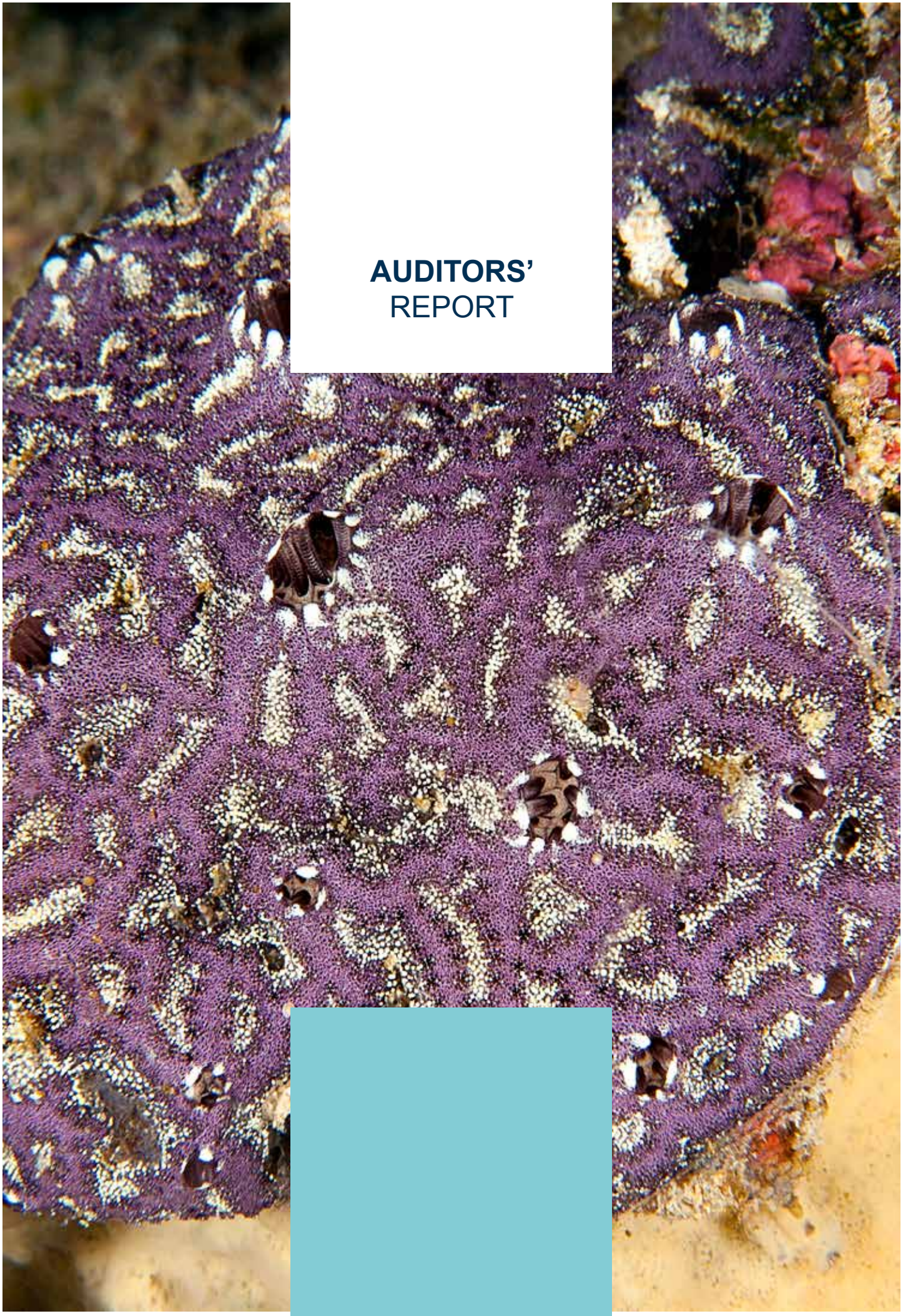


AUDITORS' REPORT

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation

Independent verification report

To the shareholders of Pharma Mar, S.A.

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying State of non-financial information (hereinafter NFIS) for the year ended 31 December 2020 of Pharma Mar, S.A. and subsidiaries (hereinafter Pharma Mar or the Group) which forms part of Pharma Mar´s consolidated management report.

The content of the NFIS includes additional information to that required by the current mercantile legislation related to non-financial information reporting which has not been covered by our verification work. In this respect, our work has been restricted solely to verifying the information identified in the table "Requirements of Law 11/2018 on Non-Financial Information and Diversity" included in the NFIS.

Responsibility of the Board of Directors

The preparation of the NFIS included in Pharma Mar 's consolidated management report and the content thereof are the responsibility of the Board of Directors of Pharma Mar, S.A. The NFIS has been drawn up in accordance with the provisions of current mercantile legislation and with the Sustainability Reporting Standards of the Global Reporting Initiative (“GRI Standards”) in line with the details provided for each matter in the table "Requirements of Law 11/2018 on Non-Financial Information and Diversity" of the NFIS.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFIS to be free of any immaterial misstatement due to fraud or error.

The directors of Pharma Mar, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (“IESBA”) which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited verification report based on the work carried out. Our work has been carried out in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on non-financial statements issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution, and are less extensive than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to Management and several Pharma Mar units that were involved in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with Pharma Mar personnel to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the NFIS for 2020, based on the materiality analysis carried by the Group and described in section "Materiality Analysis", considering the content required under current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in NFIS for 2020.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the NFIS for 2020.
- Verification, through sample testing, of the information relating to the content of the NFIS for 2020 and its adequate compilation using data supplied by the Pharma Mar´s sources of information.
- Obtainment of a management representation letter from the Directors and Management.

Conclusions

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Pharma Mar's NFIS, for the year ended 31 December 2020 has not been prepared, in all its significant aspects, in accordance with the provisions of current mercantile legislation and the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") in accordance with the details provided for each matter in table "Requirements of Law 11/2018 on Non-Financial Information and Diversity" of the aforementioned NFIS.

Use and distribution

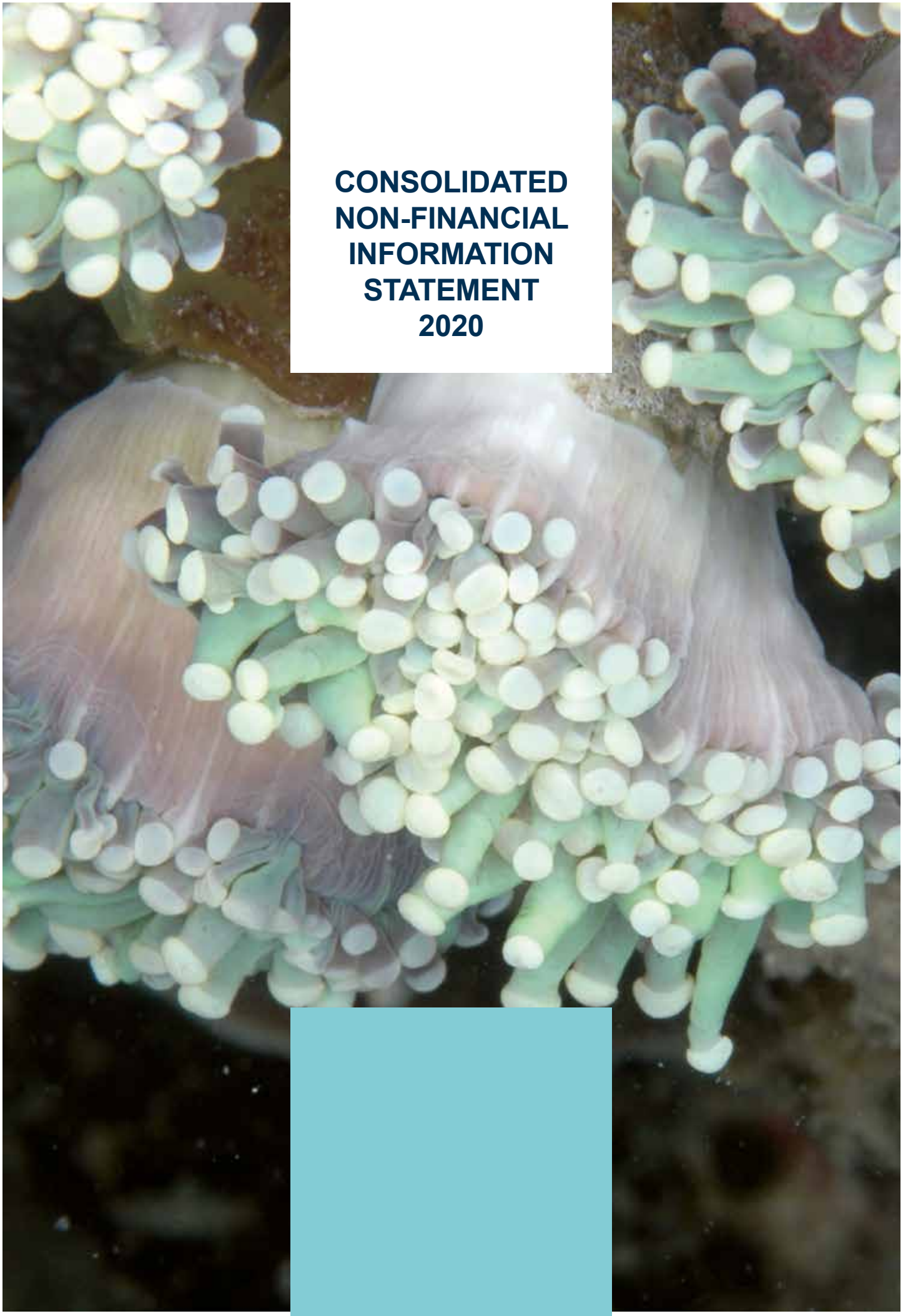
This report has been drawn up in response to the requirement laid down in current Spanish mercantile legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

(Originally signed in Spanish)

Ramón Abella

26 February 2021



CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT 2020

ABOUT THIS REPORT

This Consolidated Non-Financial Information Statement (NFIS) was prepared in accordance with the requirements of Act 11/2018, dated 28 December, amending the Commercial Code, the consolidated text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of 2 July, and Audit Act 22/2015, of 20 July, as regards non-financial information and diversity.

In compiling this report, the Global Reporting Initiative (GRI) Sustainability Reporting Standards have been used, insofar as they do not clash with Law 11/2018. The Corporate Social Responsibility Report that was formerly published annually was superseded in 2018 by the Non-Financial Information Statement.

The Pharma Mar Group publishes this Non-Financial Information Statement (NFIS) in order to provide information on material environmental, social and staff-related questions, as well as matters concerning human rights and combating corruption and bribery.

Scope

This report has the same consolidation scope as the financial statements of the Pharma Mar Group as of 31 December 2020, which includes Pharma Mar, S.A. itself and its direct and indirect subsidiaries (see section 1. “About Pharma Mar. Our organization”). Its content was selected and drafted having regard to the materiality analysis performed by the Group. Where any of the subsidiaries is not included in an analysis, this is indicated explicitly.

Some values for the Pharma Mar Group in 2019 that were reported in the NFIS 2019 have been recalculated. The reason is that the company Zelnova Zeltia, which was part of the Pharma Mar Group until 28 June 2019, was included in the 2019 data. However, in 2020, it was decided to recalculate the 2019 data without considering Zelnova Zeltia so as to enable a direct comparison of the key indicators between the two years.

Due to the pandemic, each section of this report refers, where pertinent, to how this situation has affected the Pharma Mar Group and the measures adopted to combat COVID-19.

Materiality analysis

Materiality analysis is a key element when organizations are defining strategies, both in general and for specific business units.

In 2020, the Pharma Mar Group identified material issues by obtaining information from both internal and external sources. That information was used to prioritize the company's material issues in order to guide both its strategy and the public reporting of its sustainability performance. The material issues do not differ from those already presented in previous NFIS; however, some issues have been regrouped or their titles have been redefined.

As a result of this process, 30 material issues or aspects have been identified and classified into five categories:

- innovation
- employment quality
- environment
- supply chain value
- and governance, business ethics and transparency.

To analyze the internal importance of material issues, the people in charge of all the Pharma Mar Group's functional areas were consulted; material issues were prioritized based on those consultations and assigned a numerical value.

For the external materiality analysis, the information was obtained by combining four external sources and weighting the results. The external sources that were analyzed are: Sustainable Asset Management (SAM), an investment firm; Sustainability Accounting Standards Board (SASB), an NGO; the Pharma Mar Group's analysis of the media; and a benchmarking survey based on the materiality analyses performed by five comparable companies in the industry.

The resulting matrix shows the key aspects and their impacts on the company and on the main stakeholders: patients, customers, suppliers, authorities and shareholders.

The full materiality matrix resulting from this analysis is shown below and the issues are listed in Annex 1:

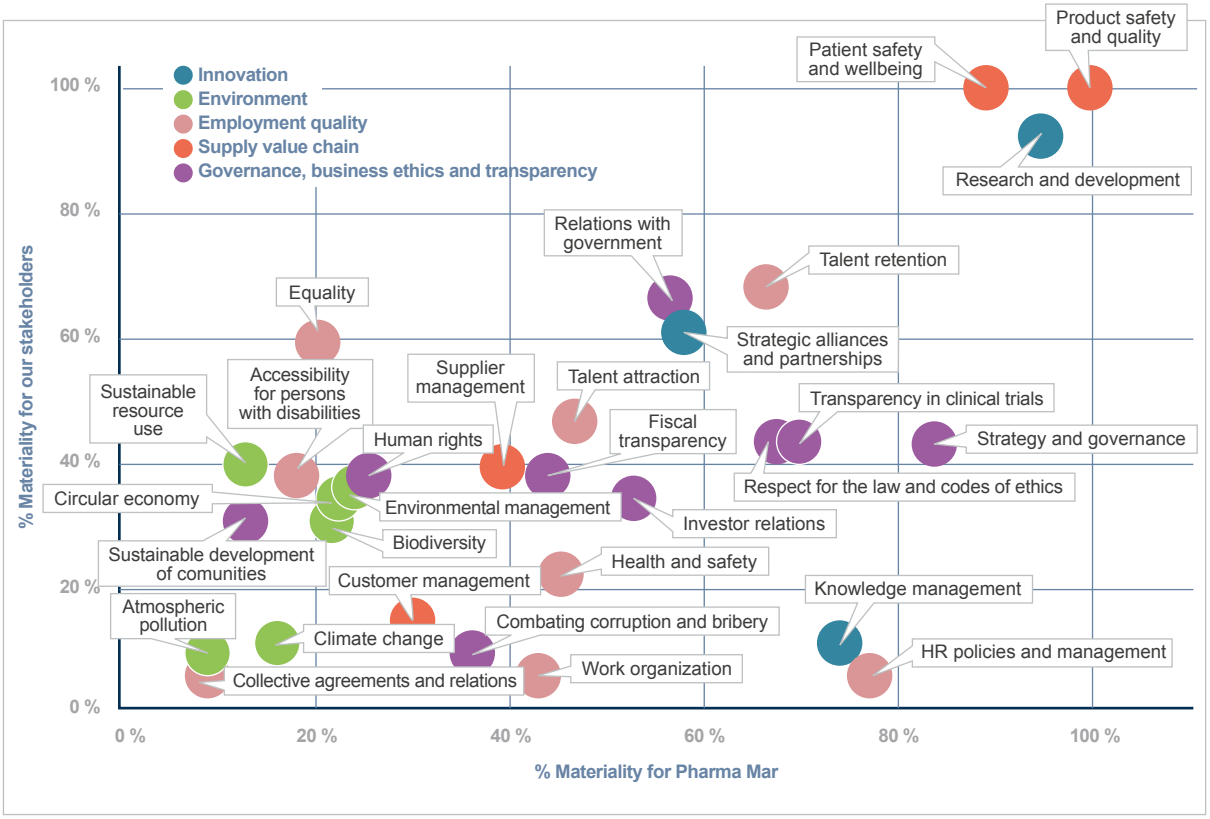


Figure 1. Materiality matrix.

Key material issues

As a result of this analysis, it was concluded that the main material issues for the Pharma Mar Group and its stakeholders are as follows:

- Related to supply chain value:
  - Product safety and quality.
  - Patient safety and wellbeing.
- Related to innovation:
  - Commitment to research and development of new products.
  - Knowledge protection, patentability and management.
  - Establishment of strategic alliances and partnerships, especially with licensees, partners, research centers and universities.
- Related to employment quality:
  - Training and professional development for talent retention.
  - Talent attraction.
- Related to governance, business ethics and transparency:
  - Business model strategy and governance.
  - Transparency in clinical trials.
  - Respect for the law, regulations and codes of ethics.
  - Transparent relations with public authorities and governments.
- Related to the environment:
  - Environmental management approach and objectives.
  - Circular economy and waste abatement.
  - Protection of biodiversity.

As indicated earlier, the material issues were analyzed in 2020 on the basis of internal and external information. The conclusions do not differ substantially from those drawn in the analysis performed in 2019. The issues that are classified as material are fundamentally the same, with variations in the materiality attributed to some of the issues, such as the greater weighting given to transparency and talent retention in 2020.

This document elaborates upon the material issues described in this section in order to describe the Group's ESG strategy.

KEY INDICATORS

The Pharma Mar Group aims to generate long-term value for the company and its stakeholders in the area of sustainability. In this connection, the following key indicators are used:

	2019	2020
Economic		
Revenues (thousand euro)	85,819	269,962
R&D expenditure as a percentage of revenues	59.0%	19.9%
Operating expenses as a percentage of revenues	56.3%	17.5%
No. of new patents filed	5	30
No. of strategic agreements in place	17	35
Corporate Governance		
% independent directors	45.5%	45.5%
% women on the Board	27.0%	36.4%
Communication to society: media impacts	14,001	33,355
Talent attraction and retention		
Turnover rate	10.8%	11.2%
Training hours	14,361	10,551
No. of nationalities (cultural diversity)	19	18
Percentage of women in management	42.8%	44.2%
Environment		
Amount of water used per day	34.7 m^3/day	32.3 m^3/day
Annual Chemical Oxygen Demand (COD) in industrial discharges	317.1 kg	388.4 kg
CO_2 emissions	2,554.4 t	2,557.7 t
Social action		
No. of actions by the "People of Pharma Mar" platform	2	0
No. of orphan drug designations in force	14	17
No. of collaborations with non-profit entities	15	19
Interns trained, as a percentage of total personnel	3.2%	2.2%

Table 1. Pharma Mar Group key indicators.

The value of certain key indicators is clarified below to facilitate understanding of the data.

Economic indicators: R&D spending in 2020 was higher than in 2019 in absolute terms. However, R&D spending declined with respect to 2019 as a percentage of revenues because of the substantial increase in revenues in 2020.

Talent retention indicators: The 2019 figures for the number of nationalities and percentage of women in management positions were recalculated with respect to those published in the NFIS 2019 due to the fact that Zelnova Zeltia ceased to be part of the Pharma Mar Group. In the NFIS 2019, those figures were 20 and 37.2%, respectively. Training hours were also recalculated because the training data is drawn from a dynamic database that is updated as attendance certificates for scheduled courses are received. A total of 13,859 hours were registered in 2019, while the cumulative figure extracted from the database at the time of writing this report was 14,361 hours.

Environmental indicators: los valores de the environmental indicators refer solely to the company Pharma Mar, S.A. The figures for the amount of water used per day and CO2 emissions for 2019 were recalculated with respect to those published in the NFIS 2019, again due to Zelnova Zeltia's departure from the Group. In the NFIS 2019, those figures were 40.06 m^3/day and 2,791 t, respectively. The Chemical Oxygen Demand (COD) figure for industrial discharges increased with respect to 2019 due to the increase in output.

Social action indicators: The actions in the "People of Pharma Mar" platform (see section 5. "Our commitment to society") refer only to Pharma Mar, S.A. The ratio of interns to total staff for 2019 was recalculated with respect to the figure published in the NFIS 2019, again because of Zelnova Zeltia. In the NFIS 2019, that figure was 2.9%. The ratio of interns to total staff declined in 2020 because of the impact of COVID-19. Specifically, certain agreements with universities and other schools could not be implemented for this reason.

2020 SIGNIFICANT EVENTS

BUSINESS

JANUARY

Pharma Mar signed an agreement with Valeo Pharma for the commercialization of Yondelis® (trabectedin) in Canada.

APRIL

Pharma Mar signed an agreement with Immedica Pharma to commercialize lurbinectedin in Eastern Europe, the UK, Ireland, Scandinavia and some Middle Eastern countries.

MAY

Pharma Mar and Megapharm signed a licensing agreement for lurbinectedin in Israel.

Pharma Mar and Key Oncologics entered into an exclusive agreement for the commercialization of Yondelis® in the Republic of South Africa, Namibia and Botswana.

JUNE

Pharma Mar and TTY Biopharm signed an exclusive agreement for the commercialization of Yondelis® in Taiwan, Hong Kong and Macau.

INNOVATION

JANUARY

Trabectedin received orphan drug designation in Australia for treating soft tissue sarcoma.

Pharma Mar commenced a Phase I-II clinical trial in Spain with lurbinectedin in combination with atezolizumab for treating small cell lung cancer.

FEBRUARY

Lurbinectedin received orphan drug designation in Australia for treating small cell lung cancer.

MARCH

Genómica launched new COVID-19 diagnostic kits — “CLART® COVID-19” and “qCOVID-19” — and signed an agreement to distribute fast antibody detection tests.

APRIL

Pharma Mar commenced the APLICOV-PC clinical trial with Aplidin® (plitidepsin) for treating COVID-19.

JUNE

FDA approved lurbinectedin (Zepzelca™) in the U.S. for the treatment of metastatic small cell lung cancer.

At ASCO 2020, Pharma Mar presented the results with trabectedin plus doxorubicin as first-line treatment of leiomyosarcoma.

BUSINESS	INNOVATION
JULY	
Pharma Mar signed an agreement with Adium Pharma S.A. for the commercialization of Yondelis® in 21 Latin American countries.	Lurbinectedin received orphan drug designation in South Korea for treating small cell lung cancer.
AUGUST	
Pharma Mar signed an agreement with Onko Ilak for the commercialization of Yondelis® in Turkey.	
SEPTEMBER	
Pharma Mar created a new Virology Unit.	Pharma Mar commenced recruitment for the trial with lurbinectedin in combination with pembrolizumab for the treatment of small cell lung cancer.
Genómica was awarded a contract by the Castilla & León Regional Government for cervical cancer screening using its CLART® HPV4S papilloma virus kit.	Pharma Mar presented data on progress with lurbinectedin and trabectedin at the ESMO 2020 meeting.
OCTOBER	
Pharma Mar signed an agreement with Jazz Pharmaceuticals for lurbinectedin in Canada.	Pharma Mar announced positive results from its APLICOV trial against COVID-19 and began to design a Phase III clinical trial.
The General Court of the European Union upheld Pharma Mar's appeal against the regulatory decision on Aplidin®.	Sylentis completed the design of a Phase I trial for the treatment of retinal diseases.
NOVEMBER	
Pharma Mar and STADA signed an agreement for the commercialization of Yondelis® in the Middle East and North Africa.	Sylentis finalized the protocol for a Phase III trial with tivanisiran in dry eye syndrome.
	Genómica launched a new PCR test that can detect and differentiate SARS-CoV-2, influenza A and B and respiratory syncytial virus.
	At CTOS 2020, Pharma Mar presented new results for Zepzelca™ and Yondelis® in advanced soft tissue sarcoma.
DECEMBER	
Pharma Mar signed a licensing agreement with R-Pharm for commercialization of Yondelis® in Russia, Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Uzbekistan, Turkmenistan, Ukraine and Georgia.	Pharma Mar and Luye Pharma began a Phase I clinical trial with lurbinectedin in China.
	Pharma Mar and Jazz announced the results of the ATLANTIS Phase III trial with lurbinectedin, which did not attain its primary endpoint.

"At Pharma Mar, our growth and development objectives are not only to achieve greater profitability for our shareholders, but also to achieve that profitability in an ethical and responsible manner and to ensure that our commitment to society and the environment around us is clearly perceived. This position is clear in the company's quality benchmarks and evidences our responsibility to society."

Ana Palacio
Chairman of the Appointments, Remuneration and Sustainability Committee.

1 / ABOUT PHARMA MAR

The Pharma Mar Group is focused primarily on discovering, developing and commercializing therapeutic agents of marine origin for treating cancer. It also operates in the areas of diagnostics (through Genómica) and drug development based on RNA interference technology (through Sylentis).

Pharma Mar's business model is an integrated one in which the company itself carries out most stages of the drug discovery and development process up until market launch. When Yondelis® was approved, Pharma Mar became the first company in Europe to develop a marine-derived cancer drug from discovery through to commercialization.

Yondelis® (trabectedin), the first product developed by Pharma Mar, is marketed in nearly 80 countries as a single agent for treating patients with certain advanced soft tissue sarcoma. Additionally, since 2009 it has been marketed in combination with pegylated liposomal doxorubicin (PLD) in 70 countries for treating relapsed ovarian cancer. The second product, Aplidin® (plitidepsin), has been approved by the Australian regulatory authorities for commercialization in combination with dexamethasone for treating relapsed multiple myeloma. A third product by Pharma Mar, Zepzelca™ (lurbinectedin), was approved in the United States in 2020 as monotherapy for treating small cell lung cancer.

A number of clinical trials are under way with this third compound, lurbinectedin, in combination with other compounds in order to expand the number of patients who may benefit from it. In addition, a Phase III trial is being designed for another indication, as well as a new Phase III monotherapy trial for small cell lung cancer.

Pharma Mar has other compounds under development in its pipeline, including PM184 and PM14, which are currently in clinical trials for the treatment of patients with solid tumors.

Pharma Mar's commitment to the fight against cancer also includes orphan drugs to treat tumors for which there is no effective treatment. Europe and the United States have granted orphan drug status to trabectedin (Yondelis®) for treating soft tissue sarcoma and ovarian cancer, to plitidepsin (Aplidin®) for multiple myeloma, and to lurbinectedin (Zepzelca™) for small cell lung cancer. Those three compounds have also been designated as orphan drugs for those indications in Switzerland. Additionally, trabectedin has orphan drug designation for soft tissue sarcoma in South Korea and Japan and, more recently, Australia granted lurbinectedin orphan drug status for the treatment of small cell lung cancer in 2020.

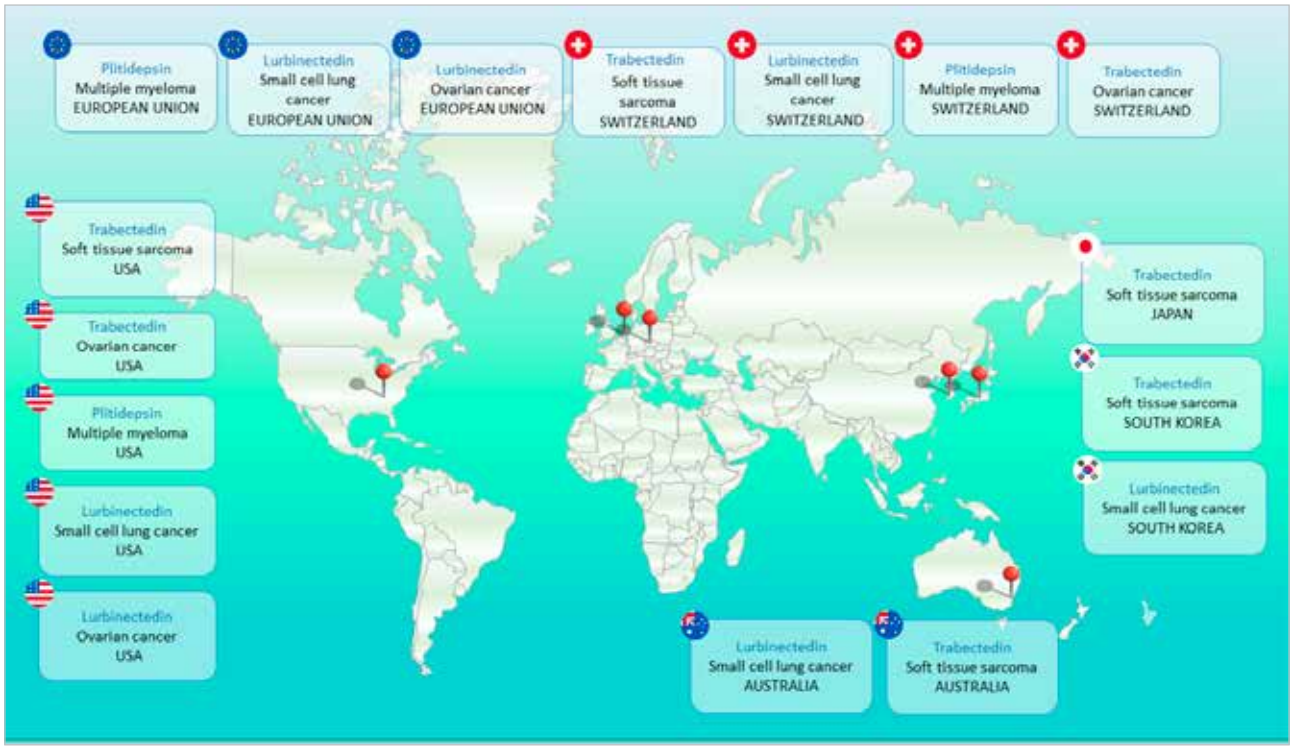
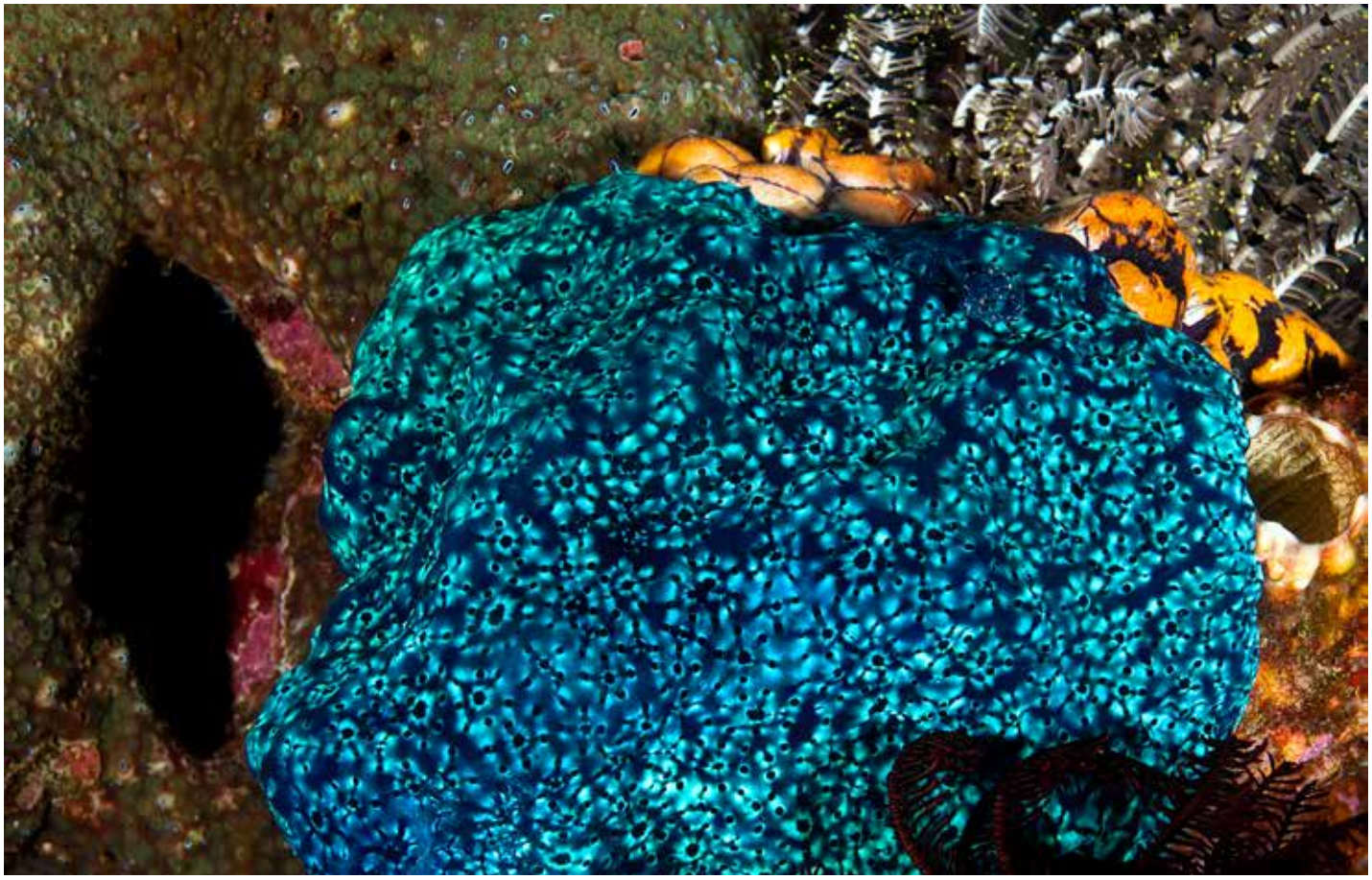


Figure 2. Orphan drug designations in force.



Although oncology is the Pharma Mar Group's main line of business, in 2020 it created a Virology Unit to research, develop and supply medicines for viral diseases for which there is no effective treatment as yet. The unit's current priority is finding an effective treatment for SARS-CoV-2. The company is currently undertaking clinical development of its molecule plitidepsin as a treatment for COVID-19.

The Pharma Mar Group is also present in the fields of diagnostics and drug development based on RNA interference through subsidiaries Genómica and Sylentis, respectively.

Genómica focuses on molecular diagnostics and genetic identification and analysis. Through its Clinical Arrays Technology (CLART®) platform, it has developed diagnostic tests for a range of viruses, such as human papillomavirus associated with cervical cancer, respiratory viruses, human herpes virus and enteroviruses. It has also developed predictive tests for the response to oncology therapies. In March 2020, the Group launched two tests that were developed in-house, one in CLART® and the other in Real-Time PCR, for the diagnosis of the SARS-CoV-2 virus, which causes COVID-19; they were the first tests in Spain to obtain the CE mark.

Sylentis is involved in the research and development of new drugs based on RNA interference, which is a selective method of gene silencing. Sylentis is primarily focused on ophthalmology, and its compound tivanisiran is undergoing clinical development with an upcoming Phase III trial in the treatment of dry eye syndrome. It is also working on therapies against retinal degenerative diseases and in 2020 it completed the design of a Phase I clinical trial of the drug SYL1801 for the treatment of age-related macular degeneration. Sylentis has also made significant progress in its drug discovery processes with the use of siRFINDER, a proprietary platform based on artificial intelligence that improves drug design by reducing development costs and times.

Strengths of the Pharma Mar Group

The Pharma Mar Group has identified the following as its main strengths:

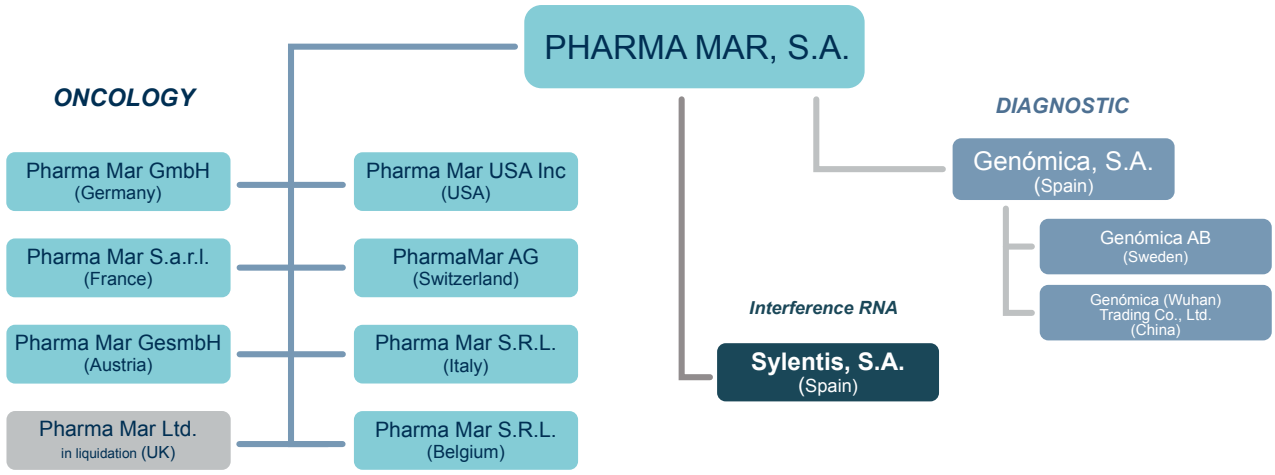
- A unique, fully-integrated technology platform based on marine organisms that has led to the approval for commercialization of three compounds — trabectedin, lurbinectedin and plitidepsin — in numerous markets around the world and provides a flow of new candidate for early stage clinical development with the goal of obtaining additional approvals in the future.
- The compounds already approved for certain antitumor indications have the potential to be approved for additional indications.
- A well-established commercial structure in Europe that is focused on oncology and is capable of expanding its portfolio with other products.
- Generation of revenues in the oncology business through direct sales of products developed in-house.
- Existing out-licensing agreements of several compounds in advantageous conditions that are producing sizable revenue flows.
- A library of samples of marine organisms that can be tested for therapeutic applications other than oncology, as has been shown in the case of virology.
- A robust financial position from which to fund projects.
- In addition to Oncology, the Group has other smaller businesses; one is the development and sale of diagnostic and DNA analysis kits, conducted through subsidiary Genómica. Sylentis is conducting clinical trials in ophthalmology with the new gene silencing technology, RNAi.

Pharma Mar invests heavily in new compound research and development every year, in line with its commitment to seek innovative therapies to treat diseases for which there is no effective remedy: in 2020, Pharma Mar was the Spanish company that invested most in R&D as a proportion of revenues: 41%. Pharma Mar also ranked first in Spain in terms of R&D expenditure per employee. In 2020, it ranked 450th in the European Union league table of industrial investment, ranking third among Spanish pharmaceutical companies in terms of total R&D spending. Pharma Mar ranked 1,977th in the world in terms of R&D expenditure in 2020[1].

[1]"The 2020 EU Industrial R&D Investment Scoreboard", published on 1 June 2020 by the European Commission Joint Research Center.

Our organization

As of 31 December 2020, the structure of the Pharma Mar Group is as follows:



* All subsidiaries are wholly owned by Pharma Mar.

Figure 3. Pharma Mar Group organization structure.

Our strategy

The key components of the Pharma Mar Group's strategy are:

- Continue clinical development of lurbinectedin in small cell lung cancer and in other indications to expand its use.
- Continue clinical development of molecules currently in the pipeline to advance them through the phases of clinical trials.
- Use the unique, marine-based technology platform to continue feeding the pipeline of compounds. Two new molecules are expected to be added to the clinical development pipeline in oncology.
- In-license third-party molecules to sell through the Pharma Mar sales network: molecules in the commercial or regulatory phase that produce a revenue flow.
- Maximize the commercial value of lurbinectedin in markets outside the US and Europe through partnerships with third parties.
- Continue to support Yondelis® in the European oncological community and work with partners and researchers.
- Move forward with preclinical and clinical development within the newly created Virology Unit.

Challenges for the pharmaceutical industry

The economic situation, the constant flow of government measures to contain healthcare costs, continuing concern about counterfeit products entering the supply chain, the increasing cost of research to develop new medicines, and the changes in healthcare regulations that have been introduced in recent years have had a major impact on the pharmaceuticals business.

Moreover, the COVID-19 pandemic has led to greater public trust in the pharmaceutical industry as an essential partner in finding therapeutic solutions to unmet medical needs. This trust is a unique opportunity to analyze the challenges facing the industry and to respond to them as a key contributor to social and economic progress.

Increase in funding for innovation

Innovation will be the main challenge in the coming years, but it also generates new opportunities to shorten clinical development, accelerate diagnosis and improve process efficiency. The automation of both internal and external processes, the use of information from clinical practice and digital tools make it possible to speed up drug research, improve clinical trial monitoring by shortening times, and enable better control of the medicine production and logistics chain and/or the traceability of raw materials and products from their origin to the hospital or pharmacy that supplies them to the patient.

Public-private partnerships for R&D

The challenge posed by the pandemic also highlighted the need for collaboration between the public and private sectors. The European Federation of Pharmaceutical Industries and Associations (EFPIA) emphasizes the need to seek a global agreement between health authorities, health organizations, medical and scientific associations, hospitals and pharmaceutical companies through collaborative R&D programs to develop new drugs and vaccines[2].

Market access and relations with government

The World Health Organization (WHO) considers that access to better and more effective medicines is one of the critical challenges to improving public health worldwide[3]. In recent years, the industry has been working to make governments and health decision-makers aware of the contribution by the pharmaceutical industry to the economy, job creation, research and innovation, as an engine of development in each country. Since the industry is also highly regulated and product prices are agreed with government, there is a need for more dialog between government and the industry.

Adaptation to more regulation and regulatory changes

More stringent regulations on the development of new drugs, their registration, their production and even their marketing (via price regulation) require the pharmaceutical sector to adapt to a constantly changing environment. The pharmaceutical industry must become involved in building the pillars of a sustainable healthcare system, driving its own progressive transformation as a participants with high strategic value and better addressing the health problems of society as a whole.

Greater transparency, and the role of patients

Society is more demanding than ever and expects a social commitment from all agents involved. Pharmaceutical companies have been making major efforts in the area of social responsibility to offer transparency and improve the information they provide to patients, bearing in mind that, in many countries, including Spain, the law prohibits the industry from addressing patients directly to talk about products or treatments.

[2] "The top priority for EFPIA in the next two years will be to break through the silos and bring healthcare stakeholders together to achieve better outcomes for patients", Jean-Christophe Tellier, President of EFPIA. Published on 28 June 2019 and retrieved on 17 February 2021 on Euroactiv https://www.euractiv.com/section/health-consumers/news/new-pharma-boss-next-eu-commission-should-be-clear-on-how-to-protect-innovation/

[3] Roadmap for access 2019-2023. Roadmap for access 2019-2023, published at https://www.who.int/medicines/access_use/Roadmap_for_access_zero_draft.pdf, retrieved on 17 February 2021.

Greater control of the supply chain

COVID-19 has also underscored the danger of concentrating production in certain countries and the consequences for production of long supply chains subject to climate shocks, pandemics and/or changes in a given country's trade policy. According to Phil Hogan, European Commissioner for Trade, Europe is responding to this situation by adopting a strategic autonomy[4] approach, a new type of globalization involving stronger alliances with like-minded partners that offers greater protection for local companies and a diversification of supply chains. In any case, the pharmaceutical industry, whose suppliers are mostly highly specialized and very diverse, needs better control of its supply chains.

[4] Foreword by Phil Hogan, EU Commissioner for Trade, to the Trade and Investment Barriers Report 2019, published on 15 June 2020; retrieved 17 February 2021.

Our policies and internal regulations

The Pharma Mar Group has a series of policies, protocols and internal rules concerning matters that are identified as material by its materiality analysis. These policies are applied to various spheres, such as product quality and safety, patient welfare, respect for the law and codes applicable to the Group, employee safety and training, the environment and sustainable development. The figure shows the main policies and the related material issues, which are detailed in the corresponding sections.

In 2020, the Group adopted a Crime Prevention Plan and created a Compliance Committee, which is hierarchically dependent on the Board of Directors and must report to it periodically, its main function being to ensure compliance with the highest ethical standards within the company by exercising appropriate oversight. This committee is also responsible for reporting on all compliance-related issues and for investigating reports received through the Group's Whistleblower Channel.

The new Compliance Committee took on the functions of the former Conduct Committee, and this was notified to all Group employees, who were also informed of the e-mail address comitecumplimiento@pharmamar.com, to which any queries on this matter may be addressed.

The implementation of a Crime Prevention Plan is a further step by the Pharma Mar Group in its commitment to the ethical values that it requires its people to apply, both among themselves and in their relations with customers, partners, suppliers and all those with whom they interact in the course of their professional activity.

The Crime Prevention Plan, the Regulation of the Whistleblower Channel, the Catalog of Prohibited Conduct, the Terms of Reference of the Compliance Committee, the Pharma Mar Group Organization and Management Model, the Anti-Corruption Policy and the Penalty Procedure have been expressly approved by the Board of Directors.

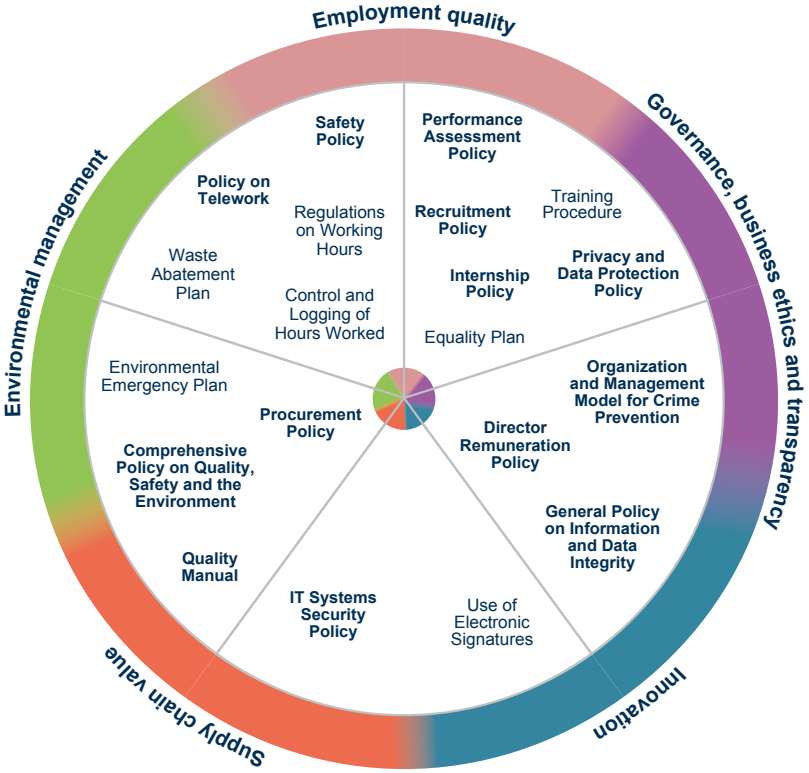


Figure 4. Internal policies and regulations classified according to the materiality analysis categories.

Short-, medium- and long-term risks

Enviromental risks

Competition

The pharmaceutical market is highly competitive and involves multinationals, small and medium-sized domestic players, and generic producers.

The Pharma Mar group's results may be affected by the launch of novel or innovative products, technical and technological progress, and the launch of generics by competitors.

Mitigation measures: The Group invests in research and development in order to compete in this environment. Moreover, in key positions for the efficient and timely development of new products, it is vital to recruit qualified, experienced professionals, of whom there are few and who are in considerable demand by competitors. There is also a broad, up-to-date training program so that, in the case of unavoidable turnover, the Group has backup professionals.

Materiality: Innovation; Quality Employment.

Commitment to research into new products (1), People management and HR policies (10), Professional training and development (talent retention) (14) and Talent attraction (15).

Timescale: Medium term.

Industrial property. Patents

Industrial property is a key asset for the Pharma Mar group. Effective protection of industrial property is vital for ensuring a reasonable return on investment in R&D. Industrial property can be protected by registering patents, trade marks, brand names, domains, etc.

Patents run for 20 years in most countries, including the USA and the European Union. The effective period of protection depends on how long drug development takes before launch. To partly offset such a long development period and the need to obtain authorization before marketing a drug, a number of markets (including the USA and the European Union) offer patent extensions in certain circumstances.

Deficient protection of an invention or excessively long development times that limit the patent's useful life are risks inherent to the pharmaceutical business.

Mitigation measures: The Pharma Mar Group has a rigorous patent policy which seeks to protect inventions obtained through its R&D activities. In addition to the protection that can be obtained for newly-discovered active principles, the Group also actively seeks protection for new formulations, production processes, medical applications and even new methods of drug administration.

The Group has a system for managing its patents' life cycle, with patent departments that regularly review the patent situation in coordination with the regulatory affairs departments. It is also vigilant to detect breaches of our patents by other companies with a view to taking legal action if necessary.

Materiality: Innovation.

Knowledge protection, patentability and management (2).

Timescale: Long term.

Regulation

The pharmaceutical industry is highly regulated. Regulations cover such aspects as research, clinical trials, drug registration, drug production, technical validation of production standards, and even aspects of marketing. Regulatory requirements have become more stringent in recent times and this trend is expected to continue.

In most countries, pharmaceutical prices are controlled and regulated by the government, which has the power to authorize, disallow or even rule out reimbursement for the products. In recent years, prices have been reduced and reference prices have been approved, while the marketing and prescription of generics and biosimilar products have become easier.

Mitigation measures: To offset the risk of a constant flow of new legal and regulatory requirements, the Group makes its decisions and designs its business processes on the basis of developing innovative products in therapeutic areas where treatment options are very limited. The Group also constantly obtains exhaustive analyses of these issues by our own experts and by prestigious external experts where necessary.

Materiality: Supply chain value; Governance, business ethics and transparency.

Patient safety and wellbeing (20), Product safety and quality (21), Respect for the laws, regulations and industry codes (26), and Transparent relations with Authorities and Public Administrations (29).

Timescale: Medium term.

Capital availability

Because the markets are not always open and the Pharma Mar Group makes significant R&D investments each year, the group seeks a range of funding sources, in both the credit and capital markets, to finance its growth, implement its strategy and generate income in the future.

Mitigation measures: The Group has spread out its risk considerably among various credit institutions, which provides it with greater flexibility and limits the impact in the event that any of its loans are not rolled over.

The Group has also issued long-term debt in order to diversify its funding sources.

Materiality: Governance, business ethics and transparency.

Business model (strategy and governance) (22).

Timescale: Medium term.

Shareholders

As in the case of any listed company, there is the risk that a shareholder may consider that a decision by the Board of Directors or the Group's executives is harmful to their interests as a shareholder and file a complaint.

Mitigation measures: The Group has director and executive liability insurance which covers the risk of a shareholder filing a complaint on the grounds that a decision by the Board of Directors or the Group's executives is detrimental to their interests.

Materiality: Governance, business ethics and transparency.

Transparency in relations with investors and shareholders. (28).

Timescale: Short term.

Operating risks

Raw material prices

Deviations from expected price levels and a strategy of buying and accumulating inventories of raw materials expose the organization to excessive production costs and to losses on inventories.

Mitigation measures: The Group conducts an in-depth analysis of prices at the beginning of the year and tries to lock in a price for the year from its suppliers. Product cost prices are set on this basis. They are monitored monthly in case any modifications are necessary.

Materiality: Supply chain value.

Quality in managing outsourcing and suppliers (18).

Timescale: Short term.

Patient safety

Failure to appropriately collect, review, track or report human safety information, including adverse events, from all potential sources, and to act on any pertinent findings in a timely manner, may compromise Pharma Mar Group's ability to conduct robust detection and interpretation of safety signals and to ensure that appropriate decisions are made regarding the risk/benefit profile of its products, including the completeness and accuracy of product labels and the conduct of any additional studies/analyses. This might result in harm to patients, reputational damage, product liability claims or other litigation, government investigations, regulatory action such as fines and penalties, and loss of product authorization.

Mitigation measures: The Group has a Pharmacovigilance Department which is responsible for compliance as part of a Group-wide policy. This policy ensures the protection of patients both in clinical trials and when the medicine has been authorized.

The pharmacovigilance organization monitors any adverse effects of products during clinical trials. Once a Group product is approved for marketing, we have an extensive surveillance and signal detection system in place. Information about any product side effects is received from a variety of sources, including unprompted reports from healthcare professionals and patients, regulatory authorities, medical and scientific literature, conventional media and social media. The Group's policy is that employees must immediately report any problems related to product safety or quality and specific training on this subject is mandatory for all employees every year. The Pharmacovigilance Department is responsible for oversight, exception monitoring and training to ensure that safety information is gathered and reported to the appropriate central safety department, in accordance with the policy and the law.

There is also a Quality Unit whose mission is to ensure patient safety and protection by verifying compliance with the GxP requirements (GLP, GCP, GVP, GMP and GDP) applicable to Pharma Mar (see chapter 3. "Supply chain value. Consumer relations"). The unit holds ultimate responsibility for ensuring that activities associated with the design, development and execution of non-clinical and clinical trials and the manufacture of active ingredients and drugs are performed systematically, in accordance with approved protocols and procedures and in compliance with all applicable legal requirements and regulations and, most importantly, while safeguarding patients' rights, safety and wellbeing.

Materiality: Supply chain value.

Quality in customer management (19), Patient safety and wellbeing (20), and Product safety and quality (21)

Timescale: Short term.

Employee health and safety

Failure to provide a safe workplace for its employees would expose the Group to sizable expenses, loss of reputation and other costs.

Exposure of laboratory personnel to new natural or synthetic compounds whose possible adverse effects are unknown creates a theoretical health and safety risk in addition to the standard risk of handling chemicals.

Mitigation measures: Workplace health and safety is monitored exhaustively in pursuit of continuous improvement.

The Group has implemented a workplace health and safety system that is audited regularly to ensure compliance.

The Company has also arranged casualty and third-party liability insurance.

Pharma Mar, S.A., whose workforce accounts for 70.8% of the Group's employees, is certified to the OHSAS 18001 Occupational Health and Safety Management standard. Additionally, the workplace health and safety systems, involving a new approach based on the organization's internal and external context, were certified to the ISO 45001 standard in 2020.

Materiality: Employment quality.

Health and safety (12).

Timescale: Short term.

Environment

Environmental risks can generate potentially significant liabilities for companies. The greatest risk lies in third-party claims for harm to persons, property or the environment as a result of pollution.

Mitigation measures: The Group's production processes generally have a very low risk of environmental impact (noise, smoke, discharges, etc.).

Waste management is outsourced to recycling and waste management companies that are authorized by the pertinent environmental administration. Regular compliance checks are conducted and, where necessary, atmospheric emissions are monitored, water purification systems are installed and the Group has designated points for depositing separated waste.

Pharma Mar, S.A. is certified to the ISO 14001 standard, a management tool for the systematic oversight of the degree of interaction between the companies' activities and processes and the environment, the goal being to enhance environmental performance and minimize the impact. The environmental management system is audited annually by independent firms.

Materiality: Environmental management.

Environmental management approach and objectives (4), Circular economy and waste abatement (6), Sustainable resource use (7), and Climate change (8).

Timescale: Long term

Product development

The Group allocates a considerable volume of resources to researching and developing new pharmaceutical products. As a result of the length of this process, the technological challenges involved, the regulatory requirements and the intense competition, it is not possible to be sure that all compounds currently under development and those to be developed in the future will reach the market and attain commercial success.

Mitigation measures: To maximize the effective and efficient use of our resources, the Group has implemented a horizontal working structure across the various departments, project-specific teams and reporting systems to monitor R&D projects internally.

Materiality: Innovation.

Commitment to research and development of new products (1).

Timescale: Long term.

Information risk

Information systems and cybersecurity

If the company's information systems malfunctioned or were not sufficiently robust, this might adversely affect the continuity of the organization's critical processes and operations.

If the computer security and access control systems failed to work properly, this might lead to unauthorized discovery, unauthorized access to data or the untimely delivery of same, and improper use of confidential information.

Mitigation measures: The Pharma Mar Group is aware of the importance of computer systems to support the main business processes; for that reason, it continuously invests to maintain the infrastructure and information systems, and to keep its physical and legal security policies aligned with technological progress.

The Pharma Mar Group has a strategic plan for Information Systems whose main objective is to align the information technology strategies with the company's strategic objectives, guarantee compliance with the strict regulatory framework, and ensure efficacy, security and robustness of the information systems that support the company's business processes.

The strategic plan for Information Systems addresses key issues for attaining those goals, including:

- Organization, roles and responsibilities within the IT unit
- Corporate computing architecture and infrastructure
- Catalog of corporate services provided by the Information Systems unit
- Quality assurance and compliance commitments
- General policies and procedures of the IT unit
- Information security policies, procedures and infrastructure

Where third-party technology infrastructures or IT solutions are used, the Group has service level agreements to minimize the impact on its operations of any degradation in those services.

Materiality: Innovation, Supply chain value.

Knowledge protection, patentability and management (2), Quality in managing outsourcing and suppliers (18), and Quality in customer management (19).

Timescale: Short term.

Market disclosures

The Group is obliged to disclose certain financial information and make other regulatory disclosures that must be truthful, complete and timely. Failure to comply carries the risk of punishment and of a loss of credibility.

Breach of transparency and market integrity rules is classified as a serious or very serious violation of current law, incurring punishment under the consolidated text of the Securities Market Act, with the possibility of reputational damage to the Company and/or loss of credibility among investors.

Mitigation measures: Pharma Mar's Board of Directors and certain of the company's executives and employees have access to inside information about the Group's performance.

There are control systems in place in order to be aware of who is in possession of such information at any given time, mainly in order to comply with Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and with Spain's Securities Market Act, in the area of inside information.

That Regulation includes a tool enabling the regulator to investigate potential market abuses relating to such information by means of the insider list of all persons with access to inside information, which the Company must compile and maintain up-to-date. The Rules of Conduct Steering Committee, made up of five members appointed by the Board of Directors, is tasked with ensuring proper application of the Internal Rules of Conduct in matters related to the securities market.

Materiality: Governance, business ethics and transparency.

Transparency in relations with investors and shareholders (28), and Transparent tax information (27).

Timescale: Short term.

Financial risks

The financial risks are described in the consolidated financial statements.

2 / EMPLOYMENT QUALITY

People management

For the Pharma Mar Group it is fundamental to promote a working environment based on respect and on personal and professional development. There is a Code of Ethics establishing the guidelines governing the conduct of all of employees in their daily work and, specifically, with regard to the Group's relations with all its stakeholders.

In the Pharma Mar Group, management of human resources and relations between employees must always be based on scrupulous respect for people's dignity, rejecting any form of physical, psychological or moral abuse, or the abuse of authority, and any other conduct that might breach a person's individual rights. The Pharma Mar Group does not tolerate any type of discrimination based on gender, race, sexual orientation, religious beliefs, political opinions, nationality, social background, disability or any other circumstance that might be a cause of discrimination.

The Group's materiality analysis this year established that the ability and capacity to attract and retain talent, as well as maintaining the quality of Human Resources management and policies, are material issues for the Group.

Pharma Mar is currently updating its Equality Plan to bring it into line with Royal Decrees 901/2020 and 902/2020, dated 13 October, which regulate equality plans and their registration, as well as equal pay for women and men.

There are also a number of protocols and policies that enable the Group to adapt to emerging challenges and demands in the labor market so as to ensure implementation of flexibility mechanisms to facilitate a work-life balance. These include:

- The general Human Resources regulations
- The Recruitment Policy (directly or through employment agencies)
- The Training Procedure
- The Performance Assessment Policy
- Teleworking policy and other actions aimed at boosting flexibility
- The Regulations on Working Hours
- Control and Logging of Hours Worked
- Policy on hiring interns

Additionally, in 2020 the COVID-19 made it necessary to step up measures aimed at protecting employee health, and teleworking was encouraged in those positions where it was possible, especially in the toughest period of lockdown at the beginning of the pandemic. All these measures are detailed in the section on worker health and safety.

Workforce in 2020

The average number of employees was calculated taking into account the entire consolidation scope of the financial statements (see section 1. About Pharma Mar. Our organization), including all Pharma Mar Group companies and their respective subsidiaries. To ensure comparability between years, the data for 2019 were restated to exclude Zelnova Zeltia and its subsidiary Copyr, which were sold in mid-2019.

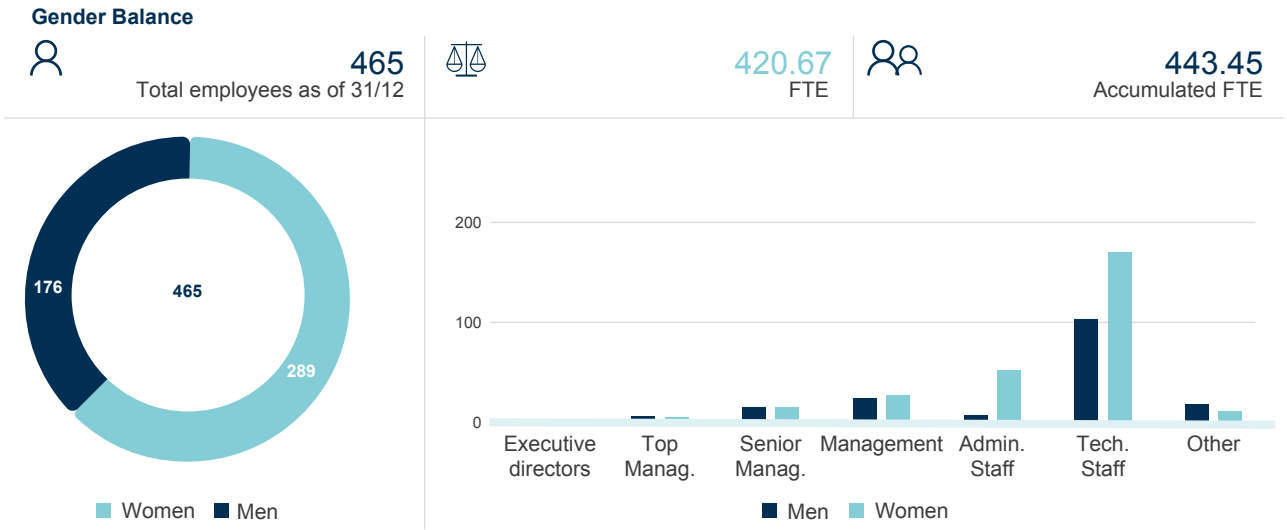
In 2020, Sygris, a data management platform, was acquired to analyze the Group's workforce data, which enables the analysis, management and reporting of sustainability information. This platform was developed by Cambridge Business Initiative (CBI), a Spanish company that develops technology solutions for smart data management. In 2020, Pharma Mar used this platform to obtain average headcount remuneration figures and to calculate the gross and adjusted pay gap.

The workforce was divided into the following professional categories: senior management, management, middle management, technical, administrative and similar personnel, and other personnel. The NFIS 2019 used the professional categories used by the Spanish Social Security system.

Average headcounts were calculated on the basis of a 360-day year.

Breakdown of employees by gender, age, country and professional category.

In 2020, the Pharma Mar Group employed an average of 443 people, of whom 62% were women (437 people, of whom 60% women, in 2019).



*FTE is the average number of employees at the end of the year (considering only those who remained in the Pharma Mar Group) and accumulated FTE is the average number of employees who were on the books at any time during the year.

Figure 5. Pharma Mar Group gender balance.

Of the total workforce, 4.7% are aged under 30, while 34.5% are aged over 50 (in 2019, there were 437 employees, 60% women; 4% were aged under 30 and 30% were aged over 50).

NATIONALITY	Men	Women	Total
Germany	8	13	21
Argentina	3	0	3
Austria	0	5	5
Belgium	1	5	6
Canada	0	1	1
China	0	1	1
Cuba	1	0	1
Spain	136	225	361
United States	1	1	2
France	7	8	15
Ireland	0	1	1
Italy	8	11	19
Peru	0	1	1
Portugal	0	1	1
United Kingdom	2	0	2
Romania	0	1	1
Russia	1	0	1
Sweden	1	0	1
TOTAL	**169**	**274**	**443**

CATEGORY	Men	Women	Total
Executive directors	2	0	2
Top Management	5	4	9
Senior Management	14	14	28
Management	23	26	49
Technical staff	102	169	271
Administrative and similar staff	6	51	57
Other	17	10	27
TOTAL	**169**	**274**	**443**

AGE RANGE	Men	Women	Total
<30	7	14	21
31-40	32	58	90
41-50	62	118	180
51-60	55	72	127
>61	13	12	25
Total	**169**	**274**	**443**

Table 2. Average number of employees, classified by nationality, category and age range.

The average number of employees by nationality was calculated using their current nationality, not their nationality of birth or previous nationality.

Accordingly, employees originally from Morocco, Lebanon, Bosnia or Colombia are listed with their current nationalities (Spanish, French, etc.).

Distribution of employment contract types

On average, indefinite contracts account for 97.9% of the total, and temporary contracts account for only 1.8% (99% indefinite contracts and 1% temporary contracts in 2019).

GENDER	Indefinite	Temporary	Total
Men	167	2	169
Women	267	7	274
TOTAL	**434**	**9**	**443**

AGE RANGE	Indefinite	Temporary	Total
<30	16	5	21
31-40	87	3	90
41-50	179	1	180
51-60	127	0	127
>61	25	0	25
TOTAL	**434**	**9**	**443**

CATEGORY	Indefinite	Temporary	Total
Executive directors	2	-	2
Top Management	9	-	9
Senior Management	28	-	28
Management	49	-	49
Technical staff	264	7	271
Administrative and similar staff	55	2	57
Other	27	-	27
TOTAL	**434**	**9**	**443**

Table 3. Average number of employees by employment contract type.

Number of terminations, by gender, age and professional category

In 2020 there were 61 new hires and 38 attritions (16 terminations by the Group). (In 2019, there were 41 new hires: 11 men and 30 women; and a total of 27 terminations in the Group).

The table below shows the number of terminations by gender, age and professional category. The numbers are actual figures, not averages.

AGE RANGE	GENDER	Senior Management	Management	Administrative and similar staff	Technical staff	Total
<30	Men	0	0	0	1	1
	Women	0	0	0	2	2
31-40	Men	0	0	0	1	1
	Women	0	1	0	2	3
41-50	Men	0	0	0	1	1
	Women	1	0	2	0	3
51-60	Men	1	0	0	2	3
	Women	0	0	0	1	1
>61	Men	0	0	0	0	0
	Women	1	0	0	0	1
TOTAL		**3**	**1**	**2**	**10**	**16**

Table 4. Number of terminations, by gender, age and professional category.

Employees with disabilities, by gender and professional category

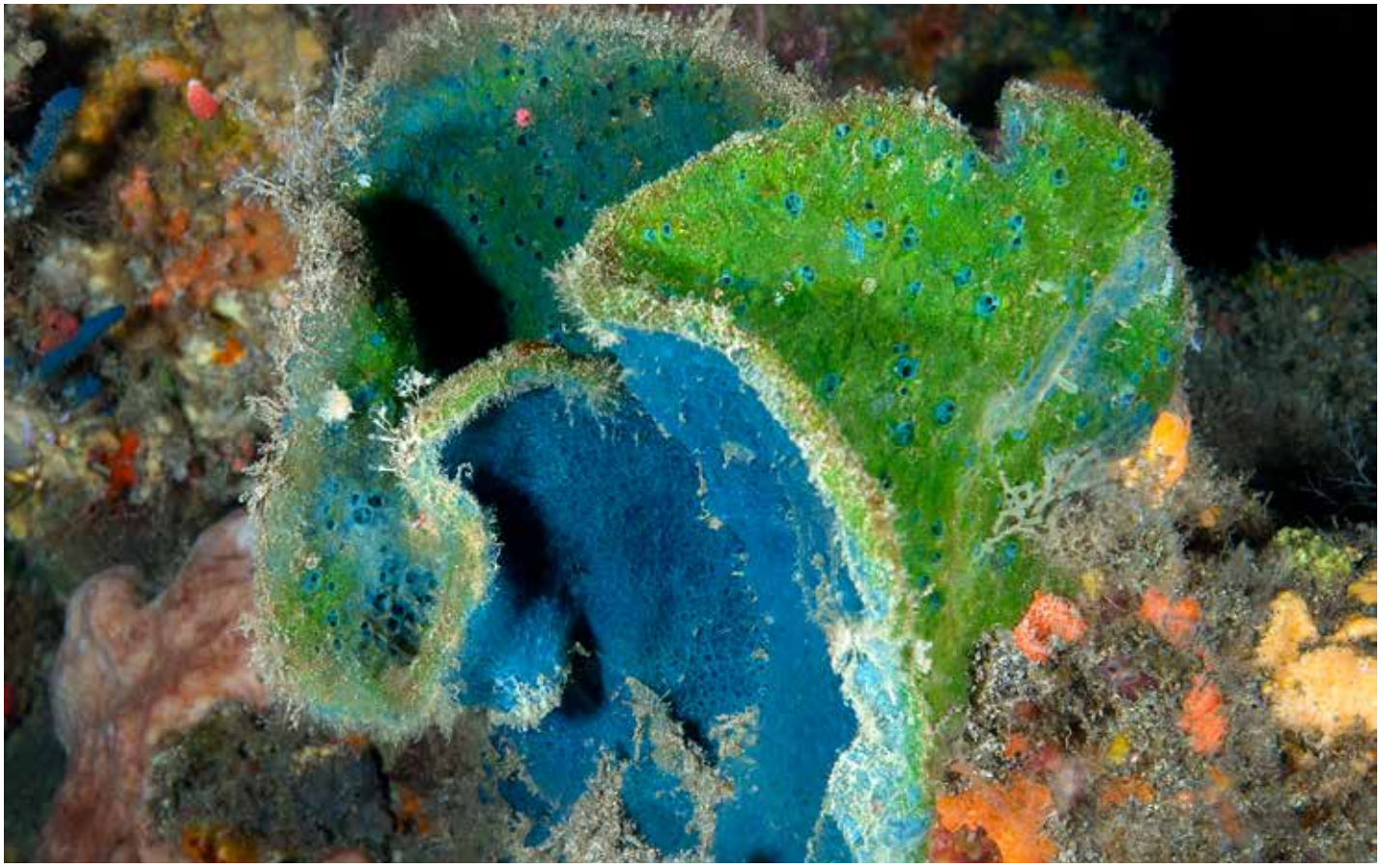
Pharma Mar, S.A. is in possession of a ruling dated 14/06/2016, Case no. 61/2016, by the Public Employment Service under the Madrid Regional Government Department for Economic Affairs, Employment and Taxation declaring it to be in exceptional circumstances with respect to the obligation to hire employees with disabilities and the adoption of alternative measures with Madrid Special Center for Employment number 286.

The agreement that Pharma Mar has reached entails hiring a special employment center (a travel agency); accordingly, billings through that center enable Pharma Mar to fulfill its mandatory quota by spending at least three times the IPREM (Spain's multi-purpose income index) per worker with disability not hired.

The following table shows the total number of employees with disabilities in the Pharma Mar Group, by gender and professional category, in 2020 and 2019.

2020	Management	Technical staff	Administrative and similar staff	Other	Total
Men	1	2	1	1	5
Women	0	0	2	0	2
2019	**Management**	**Technical staff**	**Administrative and similar staff**	**Other**	**Total**
Men	1	2	1	1	5
Women	0	0	2	0	2

Table 5. Number of employees with disabilities, by gender and professional category.



Wage gap and average remuneration

Pharma Mar is committed to effective equality, providing equal opportunities and equal pay, regardless of gender, for jobs of equal value. To this end, and in order to continue advancing in the area of wage equality, a project was implemented to carry out a deeper analysis of the pay gap in 2020, seeking to homogenize the information and detect any factors that might distort the result. The data on the gross and adjusted pay gap in this report are presented on that basis. As mentioned before, the Project was performed with the advisory services of consulting firm CBI.

In addition to identifying and isolating the elements that distort the calculation, the analysis also made it possible to identify the factors that could give rise to inequality, and to implement actions for improvement in the coming years.

The calculation of average remuneration and the pay gap considered only workplaces in Europe, i.e. 99% of the workforce, excluding the salaries paid to employees in the USA (3 employees), China (2 employees) and Brazil (2 employees; this subsidiary was liquidated in October 2019), which account for the other 1%. This was done in order to avoid the distorting effect of applying exchange rates.

The gross pay gap was calculated as the percentage difference between the average pay received by men and women. Average pay was calculated by considering fixed and variable remuneration, in cash and in kind (medical insurance, meals, vehicle, etc.). The calculation did not include overtime, severance payments and the value of the shares that the Group gives free of charge to those employees who elect to participate in the Share Ownership Plan. The shares are offered to all employees under the same conditions and for the same amount, but participation in the Plan is voluntary and, therefore, this is not a form of remuneration decided by the employer. Nevertheless, the amount is not material with respect to total remuneration.

Additionally, in 2020 the Board of Directors approved extraordinary remuneration for certain employees of the Group who had contributed to the agreement with Jazz Pharmaceuticals. Given that this was a one-off event and was not part of a pre-established remuneration package or a long-term bonus, this extraordinary bonus was also removed from the comparative tables of average remuneration between 2019 and 2020, although the overall gross gap is calculated in both scenarios.

Executive directors' fixed and variable remuneration are reported separately in the section on average remuneration by category, and do not form part of the Group's average remuneration. Internship contracts are also excluded.

The adjusted pay gap is calculated by applying econometric models that make it possible to isolate the effect on wages of differences between men and women, both in terms of their socio-economic characteristics (age, seniority, level of education or academic choices) and the jobs they hold (working hours, type of occupation, etc.). Accordingly, adjusted pay gaps are a more reliable indicator of whether men and women receive the "same pay for the same work".

Average remuneration was calculated on a cash basis unless otherwise specified. Figures are expressed in euro.

Calculation of the Pharma Mar Group pay gap

The Pharma Mar Group's adjusted pay gap is 4.9% (7.7% in 2019), as calculated with the econometric model in the CBI application as the average, weighted by the number of women, of the existing pay gap between men and women who have the same attributes. In the case of people who do not have an equivalent person of the opposite gender with whom to compare, the average of the attribute in which they do coincide is taken as the value. The model used by Pharma Mar takes account of the

professional category and seniority as attributes for adjustment. In the case of seniority, recognition of the person's contribution to the company and the labor market conditions at the time they were hired are used as differentiating elements. The table below shows the calculation of the gap by professional category, adjusted for seniority:

CATEGORY	Adjusted gap	Contribution to the adjusted gap
Top Management	7.7%	0.1%
Senior Management	28.1%	1.4%
Management	-3.1%	-0.3%
Technical staff	12.5%	7.8%
Administrative and similar staff	-23.0%	-4.3%
Other	7.6%	0.3%
ADJUSTED GAP		**4.9%**

Table 6. Pay gap adjusted for professional category.

The Group's gross pay gap stands at 26.2% (25.7% in 2019), excluding the extraordinary bonus, or 29.8% if the bonus is included. The tables below show the gap broken down by age and professional category, expressed as the percentage difference between women and men in 2020 alone, and broken down depending on whether the workplaces are located in Spain or in commercial subsidiaries elsewhere in Europe:

CATEGORY	Pharma Mar Group	Spain	European subsidiaries
Top Management	25.6%	25.6%	-
Senior Management	25.4%	28.1%	13.4%
Management	9.9%	12.7%	-22.1%
Technical staff	16.1%	23.0%	-13.7%
Administrative and similar staff	-20.1%	-31.5%	23.0%
Other	2.0%	2.0%	-

Table 7. Gross pay gap, by professional category.

AGE RANGE	Pharma Mar Group	Spain	European subsidiaries
<30	-5.5%	-2.6%	-
31-40	11.3%	-1.2%	33.0%
41-50	23.1%	29.7%	-8.2%
51-60	28.5%	28.7%	30.5%
>61	16.24%	18.9%	-29.9%

Table 8. Gross pay gap, by age range.

Average remuneration and changes, by gender, age and professional category.

The average remuneration of the Pharma Mar Group's total workforce in 2020 was €74,441.32, excluding the extraordinary bonus, or €78,070.96 if it is included (€75,628.70 in 2019). Average remuneration decreased since most of the new hires in 2020 were in lower wage categories.

The tables below show the Pharma Mar Group's average remuneration in 2020 by gender, age and professional category, and the comparison with 2019. The average remuneration figures are also broken down by geographic area, distinguishing between workplaces in Spain and the commercial subsidiaries in other European countries:

	Pharma Mar Group				Spain		European subsidiaries	
	2019		2020		2020		2020	
CATEGORY	Men	Women	Men	Women	Men	Women	Men	Women
Executive directors	696,316	-	719,561	-	719,561	-	-	-
Top Management	299,333	243,733	320,231	238,212	320,231	238,212	-	-
Senior Management	240,609	170,144	225,078	168,006	231,170	166,313	206,805	179,012
Management	122,882	93,912	110,091	99,189	115,463	100,730	70,692	86,349
Technical staff	65,754	61,914	69,593	58,360	64,727	49,826	95,812	108,951
Administrative and similar staff	42,858	42,173	33,800	40,586	29,195	38,400	66,033	50,863
Other	37,710	32,182	33,775	33,086	33,775	33,086	-	-

Table 9. Average remuneration, by professional category.

	Pharma Mar Group				Spain		European subsidiaries	
	2019		2020		2020		2020	
AGE RANGE	Men	Women	Men	Women	Men	Women	Men	Women
<30	40,578	30,863	26,988	28,474	26,988	27,681	-	39,576
31-40	43,889	43,193	47,418	42,045	40,773	41,279	103,903	69,627
41-50	95,089	70,875	87,000	66,934	84,703	59,510	97,070	105,066
51-60	126,155	87,140	122,802	87,839	121,145	86,417	133,162	92,523
>61	120,690	118,559	125,617	105,217	128,825	104,494	87,130	113,169

Table 10. Average remuneration, by age.

The executive director category includes their fixed remuneration for executive functions and the variable remuneration paid to the executive Chairman, who also receives compensation in kind such as communication equipment, prestige offices, support staff, security systems and staff, and a high-end vehicle, which amounted to a total of €337 thousand in 2020 (€332 thousand in 2019).

Average remuneration for directors and executives

The average remuneration for directors and executives is calculated on an accrual basis as specified in the Annual Report on Director Remuneration.

Average director remuneration

The remuneration of the members of the Board in their capacity as such is governed by the Director Remuneration Policy 2020-2022, which was approved by the Shareholders' Meeting on 18 June 2020.

The remuneration detailed below is that received by directors for their status as such, and excludes the fixed and variable remuneration paid to executive directors for performing executive duties (also set out in the Director Remuneration Policy 2020-2022), which is disclosed in the tables of Group average remuneration.

Remuneration for directors for their status as such includes fixed amounts they receive as members of the Board of Directors and its committees (Executive Committee, Audit Committee, and Appointments, Remuneration and Sustainability Committee), fees for attending meetings of the Board and committees, remuneration they receive as members of the Boards of Directors of other companies in the Group, the remuneration for the Lead Director and contributions to savings schemes.

The following table shows the breakdown by gender of each remuneration item and the remuneration corresponding to each item:

	2019				2020			
	Number		Remuneration		Number		Remuneration	
	Men	Women	Men	Women	Men	Women	Men	Women
Member of the Board	7	3	64,605	64,605	7	4	68,675	68,675
Member of the Executive Committee	3	-	127,115	-	3	-	135,123	-
Chairman - Other committees	1	1	21,933	21,933	1	1	23,315	23,315
Member - Other committees	5	3	16,840	16,840	4	3	17,901	17,901
Board meeting attendance fees	-	-	3,701	3,701	-	-	3,934	3,934
Committee meeting attendance fees	-	-	1,679	1,679	-	-	1,785	1,785
Lead director	1	-	16,840	-	1	-	17,901	-

Table 11. Director classification by gender, and remuneration.

As of 31 December 2020, there were 11 directors, four of whom were women (one appointed in December 2020). As of 31 December 2019, there were 11 directors, three of whom were women (one appointed in June 2019).

Pharma Mar's remuneration policy seeks to align the interests of the shareholders with prudent risk management and moderation and balance, bearing in mind that the quality and commitment of the members of the Board of Directors is essential for implementing the Group's strategy. Remuneration must encourage dedication without compromising independence.

Director remuneration

The information in this item refers to average remuneration for senior executives, i.e. those who report directly to the Board of Directors or to a director (in line with the approach adopted in article 249 bis of the Capital Companies Act) and who may only be appointed or removed by the Board of Directors of Pharma Mar, in accordance with Spanish law.

The average was calculated taking account of the fact that, as of 31 December 2020, there are nine senior managers, four of whom are women (seven in 2019, of whom three were women). As shown in the table of remuneration by category, the average remuneration for senior executives in 2020 was €320,231 for men and €238,212 for women (2019: €299,333 and €243,733, respectively).

CEO pay ratio.

The CEO pay ratio is calculated as the proportion between the remuneration paid to the Pharma Mar Group's CEO and the median compensation of all employees, excluding the CEO. In 2020, the CEO was paid 22.2 times the company's median wage (20.7 in 2019).

The following table shows the CEO pay ratio vis-à-vis the average remuneration by professional category:

CATEGORY	CEO pay ratio
Top Management	4.1
Senior Management	5.9
Management	11.2
Technical staff	29.3
Administrative and similar staff	18.7
Other	34.9

Table 12. CEO pay ratio vs. average remuneration by professional category.

Labor relations

The Parent Company is governed by the General Labor Agreement for the Chemical Industry (currently number 19, in force in 2018, 2019 and 2020), which applies to 100% of employees in Spain.

At 2020 year-end, 100% of employees at the European subsidiaries were covered by a collective agreement, except in Germany, where there is no such agreement in the industry. The applicable collective bargaining agreements are:

- "Contratto Collettivo Nazionale dei Chimici", in Italy.
- "Convention Collective de l'Industrie Pharmaceutique (brochure No. 3104)", in France.
- "Commission Paritaire 200", in Belgium.
- "Kollektivvertrag Handelsangestellte", in Austria.

Pharma Mar does not have a Works Committee. The Group uses the intranet to provide its employees with information concerning:

- Legal texts.
- Policies and procedures.
- Internal organization.
- Departmental organization.
- News and events relating to the Company.

Work organization

The Pharma Mar Group is governed by Spain's General Labor Agreement for the Chemical Industry, which stipulates a total of 1,752 working hours per year per employee. This translates into a 40-hour week which employees may distribute so as to have Friday afternoons off. Pharma Mar employees may start their working day any time between 8:00 and 9:30.

The unbroken shift, along with flexibility regarding the start time, are measures to promote work-life balance in order to enhance employees' productivity by optimizing the time dedicated to work and family.

Work-life balance measures at Pharma Mar also include a teleworking policy adapted to the needs of each job and each area of interest, depending on the duties to be performed by each employee.

Teleworkers are provided with appropriate infrastructure and resources to enable them to connect with their teams from home. The efficiency of this approach is monitored based on specific metrics and goals.

As detailed later in this chapter, the situation generated by the COVID-19 pandemic increased the number of people teleworking.

For convenience and to save time and money, Pharma Mar employees also have access to its cafeteria, where a daily meal is available free of charge. The company also offers a takeaway menu for employees to consume outside working hours or off the premises if they so wish. At premises where there is no cafeteria, there is a restaurant voucher system.

Managing talent through training

There is a training procedure focusing exclusively on general training of the Group's staff. Given the heterogeneous nature of the professional categories in the organization, these are subject to various highly skilled training regulations, demands and requirements which are managed by the various departments.

Managers indicate whether there are any employees in their departments who might benefit from specific training or an improvement in their technical, commercial or linguistic skills. Employees also take part in courses and seminars to boost their skills.

The Human Resources Department performs three functions in this connection:

- It manages, promotes and delivers the general training aimed at developing skills and languages. It also provides technical training applicable to broad interdepartmental groups.
- It approves, supervises, controls, records and keeps track of the information on all the training actions and attendance at conferences by all Group staff. These functions are executed through:
  - The Training Procedure, which includes each department's Annual Training Plan, is available to all employees on the Intranet
  - Applications for training
  - Record of attendance
  - Training database
- It manages training subsidies from Fundación Tripartita.

The table below presents the total number of training hours by professional category.

	2019*		2020	
CATEGORY	Nº people	Training hours	Nº people	Training hours
Top Management	8	82	9	85
Senior Management	19	1,117	20	516
Management	98	4,271	99	2,719
Technical staff	114	4,588	125	4,188
Administrative and similar staff	162	4,080	181	2,996
Other	4	223	4	47
TOTAL	**405**	**14,361**	**438**	**10,551**

* The training database is a dynamic database that is updated as attendance certificates are obtained for scheduled courses. For this reason, in some cases it may happen that the data reported in the previous NFSR does not correspond to the current updated data. In the case of 2019, 13,859 hours were reported, being the accumulated data extracted from the database at the date of writing this report 14,361 hours.

Table 13. Total number of training hours by professional category

The COVID-19 pandemic made it impossible to carry out the planned training and, consequently, the number of training hours delivered in 2020 was lower than in 2019.

Universal access for persons with disabilities

From the outset, the Pharma Mar Group has taken into consideration the aim of facilitating access to persons with reduced mobility, for employees, service providers and visitors. This accessibility begins as soon as they arrive at the facilities. where there are reserved parking spaces for persons with disabilities. All accesses have ramps.

There are lifts inside the facilities. There are accessible toilets for wheelchair access which are fully equipped to facilitate their use.

The Group's corporate philosophy contemplates recruiting persons with disabilities.

Committed to equality and diversity

The Pharma Mar Code of Good Practices rules out discrimination on the basis of gender or for any other reason. All vacancies are open to both genders and the wages are established in accordance with candidates' experience and effective capabilities.

Moreover, Pharma Mar Spain has a Protocol for Action on Workplace Harassment. It also has a Plan for Equal Opportunities between Women and Men[5], which sets out the company's commitments in the following items:

- Access to employment
- Promotion
- Staff training
- Remuneration
- Work-life balance
- Occupational health

There is an Equality Committee, comprising an employee representative and a representative of the company, which is scheduled to meet periodically to verify compliance with the commitments through the presentation of data for the period in question. Pharma Mar is currently updating its Equality Plan to bring it into line with Royal Decrees 901/2020 and 902/2020, of 13 October.

In order to promote diversity, the Group publishes job offers widely and always seeks the best candidate for each position, regardless of their origin. For example, there are 18 different nationalities working in the Pharma Mar Group (19 in 2019), with a very positive impact in terms of the variety of languages, origins and cultures.

Health and safety

This section on Health and Safety refers to Pharma Mar, although the absenteeism and accident data refer to the entire Group.

Pharma Mar is certified to the OHSAS 18001 Occupational Health and Safety Management System standard by Lloyd's Register Quality Assurance. It has been renewing this certification for more than eleven years now, passing annual audits for this purpose. This certification is evidence of the company's strong commitment to best practices in this domain and the consideration of these practices as a priority for both its employees and its suppliers.

Pharma Mar's workplace health and safety systems, involving a new approach based on the organization's internal and external context and aligned with the ISO 14001:2015 environmental management standard, were certified to the ISO 45001 standard in 2020.

There are workplace safety plans in place and employees are provided with safety training and awareness programs. There is also a

[5] In accordance with Organic Act 3/2007, of 22 March

self-protection and emergency plan, as well as evacuation plans and drills. All offices have signage indicating emergency exits and fire extinguishers. Responsibility for safety is outsourced to an external provider, which periodically verifies that all equipment and offices conform to safety standards.

With regard to employee healthcare, the Group adopts a broad interpretation of health monitoring that goes beyond the strict requirements of labor legislation. Check-ups include broader blood and urine analyses to enable employees to monitor their general state of health. Importance is also given to ergonomics (suitable chairs and encouraging proper posture), there are programs to stop smoking, dietary information, blood pressure monitoring and promotion of physical activity, among other actions. The scheduled program could not be implemented in 2020 because of the restrictions imposed in response to the COVID-19 pandemic.

Pharma Mar includes and integrates employee healthcare as part of its management system, as evidenced by its certification to the OHSAS 18001 standard, in alignment with Sustainable Development Goal 3. That goal aims to ensure healthy lives and promote well-being for all, at all ages.

Because of the COVID-19 pandemic in 2020, Pharma Mar was unable to implement the planned safety culture initiatives[6], such as:

- Free flu vaccination for employees: could not be performed because the Social Security system centralized vaccines rather than distributing them to private companies.
- Workplace Health and Safety Week: canceled because of the pandemic.
- Blood donation drive: canceled because of the pandemic.

Lost time[7] at the Pharma Mar Group totaled 33,479 hours in 2020 (23,394 hours in 2019). The increase in lost time year-on-year includes that due to COVID-19.

As for the accident rate, there were two workplace accidents at Pharma Mar that did not result in sick leave, and four commuting accidents, three of which resulted in sick leave. At Genómica there were two accidents resulting in sick leave, but zero commuting accidents. There were no accidents at Sylentis.

The tables below show Pharma Mar's accident incidence, frequency and severity rates and those for the industry for 2019 and 2020.

	Pharma Mar 2019	Industry 2019	Pharma Mar 2020	Industry 2020
Incident rate	3.19	15.40	0.00	13.56
Frequency rate	1.82	8.79	0.00	7.53
Absolute frequency	3.64	17.58	3.54	20.09
Severity rate	0.05	0.22	0.00	0.11

Table 14. Workplace accident incidence, frequency and severity.

[6] In accordance with Act 31/1995, of 8 November

[7] The Company calculates time lost as including temporary disability (sick leave due to common illnesses and work accidents, excluding paid leave for maternity, paternity, vacations, etc.).

Pharma Mar's accident frequency and severity has been consistently below the industry average in the last few years.

No occupational illnesses or illnesses having a direct relationship with the activities performed by the Group have been reported. There were a total of 68 cases of sick leave due to COVID-19 in 2020.

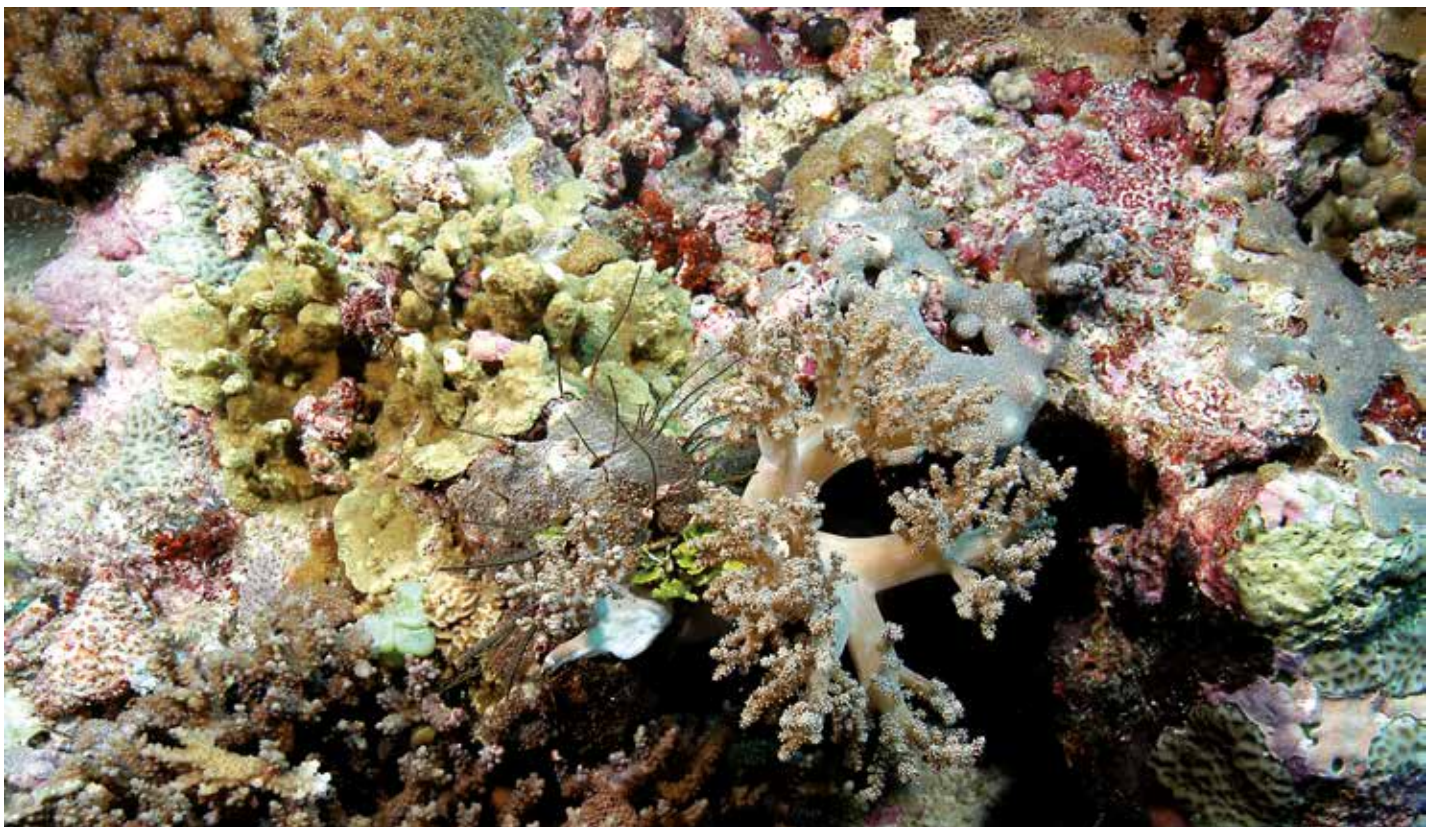
Safety measures adopted against the COVID-19 pandemic

During the onset of the COVID-19 pandemic in early 2020, the most immediate response was to e-mail employees with instructions about precautionary and containment measures. The Environment, Health and Safety Department then drafted a Risk Management Manual in order to identify existing risks and measures to be adopted. At the same time, external service providers were contacted to ascertain their internal protocols for action, and internal hygiene measures were stepped up through extra cleaning in the common areas of the staff restaurant and at the sites where cases had been detected. External service providers were recommended to avoid non-essential visits, and new access rules were implemented.

Once the Spanish government declared the state of alarm, all employees whose work could be carried out from external locations switched to telework (approximately 60% of the total). For workers whose presence was essential, containment measures were increased, establishing a system of two 6-hour shifts, which enabled production to continue without incident.

Once the first state of alarm had concluded, vulnerable staff were identified and allowed to telework for a longer period. According to the Ministry of Health definition, vulnerable staff included persons over 60, pregnant women and people with high blood pressure, diabetes, cardiovascular diseases, chronic lung diseases, cancer or immune deficiencies.

PCR and blood tests were performed on all employees during the first state of alarm, and regular tests were performed thereafter. In addition to generalized testing, employees showing symptoms of COVID-19 and close contacts of confirmed cases were given PCR tests at the company's expense before returning to work.



Also, based on the recommendations of the Spanish Ministry of Health and the WHO, the internal protocol for action in the event of COVID-19 infection was updated and new protocols were established, principally:

- Risk management manual
- Protocol for entrance by outside contractors
- Internal protocol for action by employees in the event of COVID-19 infection
- Instruction for hospital visits (providing guidelines for key account managers and trial monitors)
- Cleaning protocol for contract cleaners.
- Protocol for measures in the staff restaurant.
- Protocol for identifying vulnerable persons and informing them about the measures.
- Telework during the state of alarm and in order to care for a minor in 2020.
- New access rules for outside contractors.
- Regular internal e-mails to workers to remind them of safety and protection measures.

Since the state of alarm was declared, changes have been made within the facilities to identify, separate and flag work areas. Posters with rules were placed in meeting rooms, cafeteria and staff restaurant and protective screens were installed in common areas (reception, meeting rooms, shared offices, etc.). The number of hand sanitizer locations was increased and anti-COVID surface cleaning was expanded.

Since laboratory staff are most at risk because of shared work areas, they were provided with FFP2 masks from the outset. Workers who have to visit hospitals and particularly sensitive workers were given PPE. Once resource availability increased, surgical masks and reusable hygienic masks were supplied to the entire workforce.

The number of laptop computers was increased for all teleworking employees and those suspected of having COVID-19 due to a close contact or a workmate, based on the internal protocol.

The airflow in the facilities was increased to double the air change rate. Automatic soap and paper dispensers were installed in toilets, as well as door retention mechanisms to enable users to avoid touching surfaces and doorknobs.

Employees were allowed to enter the premises up to 30 minutes early to avoid crowds, and changing room shifts were established for laboratory and maintenance staff to keep numbers to a safe level. Outside visitors were required to pass a temperature check and other measures at the facility gate.

DATA OF INTEREST	Units	Comment
Surgical masks acquired	32,900	Equivalent to 100 per employee
FFP2 masks acquired additionally	800	Equivalent to 10 per laboratory employee
Communication, action protocols, training and information for workers	43	This includes all communications, from the first e-mail in February 2020 warning of the situation and the impact on the company, to the remote training arrangements
Legislation and official protocols revised and adapted to the company	57	Ministry of Health, Madrid Regional Government, National Institute of Safety and Health at Work, etc
Number of PCE tests performed	1,700	Approximately

Table 15. Actions taken against COVID-19.

Expenditure by the Pharma Mar Group on teleworking equipment, improving connections in meeting rooms, equipping offices and acquiring personal protection equipment is as follows:

ACTION PERFORMED	Investment/Expenditure
Upgrade telecommunications systems in meeting rooms to avoid face-to-face meetings and facilitate teleworking	457,981 €
Provision of laptop computers to facilitate teleworking	45,924 €
Performance of PCR and antigen tests	225,353 €
Outfitting of offices to provide safe working conditions (renovation installation of partitions, signage, air purifiers, contactless clocking machines, infrared thermometers, hand sanitizer, etc.)	56,621 €
Masks (self-filtering P2 and surgical) and gloves (latex and nitrile)	40,086 €

Table 16. Investment/expenditure due to COVID-19.

3 / SUPPLY CHAIN VALUE

The Pharma Mar Group companies interact with a large number of suppliers of products and services, who contribute significant value to the supply chain.

Supplier management

The Procurements Department manages the supplier selection process in conjunction with the department requesting the product or service. The goal is to achieve mutual benefit of the company and the supplier by fulfilling commitments and playing a leading role in sustainability.

Employees involved in procurements must comply with and promote compliance with basic ethical standards in relations with the market. The Code of Conduct expressly regulates relations with contractors, suppliers and the market.

The Procurements Department has implemented and systematized supplier selection and assessment processes, which must be applied to ensure impartiality, ethical behavior and transparency. These selection processes consider the importance of the good or service for the company and the expense relative to total annual expenditure.

The Procurements Department:

- Requires that suppliers are socially responsible and is in the process of implementing an audit process to require documentary proof.
- Ensures that procurements are respectful of society and the environment.
- Gives preference to local suppliers and to domestic suppliers over international suppliers, thus promoting the economic development of the locality, region and country. This approach is dependent on conditions being equal and without increasing the company's risk or reducing its competitive advantage. This local preference is set out in the Procurement Policy.

Approval of suppliers

As a general rule, all suppliers of products and services must be approved, although the approval requirements vary in accordance with the product or service they offer.

The entire approval process is implemented in coordination with the affected areas so as to guarantee that the chosen supplier meets the minimum legal and quality requirements and the sustainable procurement criteria (e.g. gender equality and workplace safety). To this end, the Procurement Department asks for documentary proof of a supplier's environment and quality certificates.

Because of the pandemic, no supplier audits were conducted in 2020. However, the Company closely monitored supplier performance during the year by means of direct contacts and interviews to set the guidelines.

Procurement policy

The Procurement Policy seeks to optimize the expenditure in each procurement category and ensure that it contributes the greatest possible value from the supply markets. Procurement decisions take account of at least the following aspects:

- Security of supply: The extent to which a supplier is able to supply a good or service, in terms of capacity or in financial terms
- Quality: The extent to which the good or service meets the required specifications
- Service: The extent to which the good or service ensures compliance with the delivery deadlines, manufacturing commitments or technical support criteria
- Cost: The extent to which the price of the goods or services matches their actual value in the market
- Innovation: The extent to which the good or service contributes an advantage or added value
- Regulatory: The extent to which the supplier, the good or the service meets the applicable regulatory standards
- Sustainability criteria: The extent to which the supplier meets the Company's sustainability standards and to which the good or service is respectful of society or the environment over its life cycle.

Geographical distribution of suppliers

The percentage of domestic suppliers to the Pharma Mar Group was 89% at 31 December 2020.

All the Group's suppliers belong to OECD or United Nations member countries; accordingly they comply with labor legislation and respect human rights.

All the Pharma Mar Group's suppliers are based in OECD countries and, consequently, are assumed not to pose special risks. In this regard, some supply difficulties have arisen due to the impact of the COVID-19 pandemic and its consequences on freight transport.

DISTRIBUTION OF GROUP SUPPLIERS BY TERRITORY AS OF 31 DECEMBER 2020	
Spain	3,825
Rest of Europe	380
Rest of the world	
United States	79
Canada	1
South Korea	1

Table 17. Number of suppliers, by territory.

Impact of COVID-19 on product supply

Certain functions and products in the Procurement Department were greatly affected by the COVID-19 pandemic in 2020.

The shortage of products such as ethanol and 2-propanol, which are widely used in manufacturing, put this activity at risk; consequently, stockpiles have been acquired to ensure that needs in 2021 are met.

There were shortages of disposable items such as gowns, caps, shoe covers and gloves, and a procurement process has been initiated with various suppliers to ensure supply. The price of these items has increased considerably.

Glass vials are another product that was hit hard by the pandemic, due to demand from the vaccine industry. A procurement process was conducted between August and October 2020 with domestic and overseas suppliers that enabled us to obtain important information on potential suppliers, expanding our options and minimizing risk.

Product supply was also affected by the freight situation. The decrease in the number of cargo flights caused delays in deliveries and price increases for many products.

Consumer relations

The Pharma Mar Group defines the patients who receive its oncology treatments as “consumers” and the buyers of Genómica’s diagnostic products as “customers”. This section focuses on Pharma Mar, since its revenues accounted for 88.5% of the Group total in 2020 (93.0% in 2019).

For Pharma Mar patients, safety is within the framework of the pharmaceutical industry, one of the most stringently regulated in the world. The health authorities supervise key aspects in relation to drugs, such as their quality, efficacy and safety. As a result, to continue operating as a pharmaceutical laboratory, Pharma Mar must comply with a complex set of regulations, including the following:

- **Good Laboratory Practice** (GLP): this applies to non-clinical trials of medicines and is aimed primarily at ensuring their quality and reliability with a view to assessing their safety.

- **Good Clinical Practice** (GCP): this applies to clinical trials involving human subjects and its core purpose is to safeguard participants’ rights, safety and well-being, as well as the quality and integrity of the data obtained. In this way, Pharma Mar guarantees that its clinical trials are conducted on a sound scientific and ethical footing.

  In its clinical trials, Pharma Mar uses monitoring and audits to ensure strict compliance with both the trial protocol approved by the health authorities and GCP and other applicable standards.

- **Good Pharmacovigilance Practice** (GVP): these rules ensure the authenticity and quality of the data compiled through pharmacovigilance and make it possible to assess the risks associated with a drug at any given time.

  Pharma Mar has updated its pharmacovigilance system files and periodically issues up-to-date reports on product safety. Furthermore, all Pharma Mar employees receive training in pharmacovigilance in order to report any adverse effects of any of the company’s products of which they become aware.

- **Good Manufacturing Practice** (GMP): These standards ensure that the active pharmaceutical ingredients and the medicines they are used to produce comply with the pre-established quality specifications. They cover all aspects of production, of both commercial drugs and medicines for clinical trials, with the goal of reducing the risks associated with the manufacture of pharmaceutical products.

- **Good Distribution Practices** (GDP): these ensure that the quality of drugs is maintained throughout the supply chain, from

Pharma Mar's warehouses to the hospital pharmacy where the drugs are eventually administered to patients.

These standards also encompass measures to minimize the risk of fake medicines entering the supply chain. To protect patients from such risks, the European Union has issued the Falsified Medicines Directive[8], which requires each unit of medicine to carry a unique identifier and an anti-tampering device. Pharma Mar has adapted its facilities and processes to conform to that Directive.

To ensure compliance with these new standards, Pharma Mar devised a new Quality Policy and introduced a Quality Assurance System as described in the Quality Manual. This Quality Assurance system identifies responsibilities at all levels of the organization, provides for proper management of human and financial resources, establishes appropriate action indicators, and fosters the implementation of continuous improvement processes.

The Company has a Quality Unit and a Quality Board that meets every six months to oversee implementation of the Quality Assurance System in all areas of the company.

Both Pharma Mar's partners and the health authorities perform regular inspections to ensure compliance with the practices referred to in this section and to confirm the degree to which Pharma Mar is compliant as well as the general conformity to the standards and the existing voluntary and mandatory agreements.

Pharma Mar has been inspected by the Spanish Agency of Medicines and Medical Devices (2008, 2011, 2014 and 2017), the European Medicines Agency (EMA), the US Food and Drug Administration (2009 and 2015) and Japan's Pharmaceuticals and Medical Devices Agency (2015 and 2020). In December 2020, the Spanish Agency of Medicines and Medical Devices inspected the pharmacovigilance system.

[8] Directive 2011/62/EU, which is binding from February 2019.

Quality complaints

The Quality Unit handles and resolves complaints, regardless of how they are received, from: healthcare professionals, institutions, patients or others.

Operating procedures are in place to establish, among other relevant matters, the manner and timeline for resolving the complaint, as well as the obligation to implement improvements in the event such an opportunity is detected. Moreover, the quality complaints database is periodically cross-checked against that of safety, maintained by the Department of Pharmacovigilance, so as to determine whether potential adverse effects caused by the drug might be associated with deficiencies in their quality, and vice-versa.

Pharma Mar received a total of nine quality complaints in 2020, referring to internally managed processes and externally executed processes (e.g. medicine transportation). None of them related to material risks to patient safety and none resulted in a product recall.

Data protection

Pharma Mar attaches the utmost importance to the privacy of its patients', employees' and suppliers' data and it approaches this issue in various ways:

In compliance with the Data Protection Act, the company has a Privacy and Data Protection Policy which may be consulted on the Pharma Mar website. This policy sets out the reasons and purposes for processing the personal data of patients and other parties (researchers, monitors, etc.) taking part in clinical trials, as well as employees of the company and any other third party whose data are handled by Pharma Mar.

Pharma Mar keeps a unified register of all data processing for which it is responsible (register of processing activities). In compliance with Europe's General Data Protection Regulation, the register lists the purpose of the processing operations, a description of the categories of data subjects and categories of personal data, any transfers of personal data to a third country, and the technical and organizational security measures that are in place.

The company has a training plan in place for all Group employees who process personal data or who have access to particularly sensitive personal data, so as to ensure that all employees are aware of, and comply with, the data protection legislation. This training is given when the person joins the company.

The privacy requirements are also set out in all contracts, including those for the purposes of conducting clinical trials (with centers, researchers and contract organizations), as well as for pharmacovigilance activities, and with third parties with which personal data is to be processed, and contracts are signed with the data processor for this purpose. The company pays particular attention to protecting the rights of patients participating in clinical trials, by obtaining informed consent prior to their participation, in which they are informed in detail and clearly of their rights; the related forms must be approved by the ethics committees.

Pharma Mar has implemented both internal and perimeter security measures to protect its internal network from attacks and prevent unwanted external access (Internet) to the company's IT resources. These security standards are described in the Information Systems Security Policy. The increase in teleworking due to the pandemic situation did not make it necessary to implement additional security measures, apart from an increase in bandwidth to satisfactorily accommodate the higher demand.

The Clinical Quality Assurance Department verifies compliance with these privacy requirements and ensures that the information relating to health data is not collected in an unfair, unlawful or fraudulent manner. This verification is carried out either in its internal audits of the Pharmacovigilance Quality System and the Clinical Development Department or in the scheduled audits of the centers participating in the clinical trials. Whenever these audits disclose an opportunity for improvement or a breach in this connection, remedial actions are established that must be approved before being implemented by the Clinical Quality Assurance Department.

No complaints were received in 2020 regarding this issue and there were no security breaches.

During its pharmacovigilance inspection, the Spanish Agency of Medicines and Medical Devices made a minor observation regarding data; the company is awaiting a final report on this issue in order to respond or adopt appropriate remedial measures.

4 / PROTECTING THE ENVIRONMENT

The Pharma Mar Group strives to protect the environment, not just in its activities but also in the development of products that comply with environmental regulations.

The commitment to environmental management in processes requires certain key principles and guidelines to be established in order to help guarantee environmental protection and ensure that business is conducted in a sustainable manner, in compliance with the strategies and goals of the Pharma Mar Group.

The Group's environmental risk analysis enables it to ensure that the environmental aspects relating to its facilities will not result in serious pollution episodes, in accordance with the legislation requiring a monetary guarantee to be arranged[9]. The quantitative analysis of Pharma Mar's environmental risks, performed by ADVISIAN, was well below the threshold triggering the requirement to post such a guarantee for environmental risk.

In 2020, there were no contingencies at the Group in relation to environmental protection and improvement.

Pharma Mar is the only Group company that engages in activities with a significant potential environmental impact. The rest of companies are considered to be non-material from the standpoint of environmental impact. Consequently, the information in this chapter refers to Pharma Mar.

Environmental management approach

Pharma Mar's environmental conduct has been certified to the ISO 14001 standard for more than 11 years, enabling continuous improvement and reducing consumption in pursuit of efficiency, while also ensuring compliance with the stringent legal requirements applied to the facility.

Pharma Mar's goals, in its commitment to the environment and its sustainability plan, are aligned with the UN Sustainable Development Goals, in particular with SDG14 Life Below Water. These goals are based on continuously improving supervision of environmental aspects of the company's activities and of its products throughout their life cycle.

Pharma Mar is also a member of the Spanish Green Growth Group (Grupo Español para el Crecimiento Verde), an association created to foster public-private cooperation and help address the current environmental challenges. The goals of the Spanish Green Growth Group are as follows:

- Convey to society and government the potential for a green economic growth model for Spain.
- Work on common positions with a view to international negotiations on climate change, and combat climate change via public-private partnerships.
- Influence the development of a low carbon economy that is compatible with the goal of economic growth and job creation.

All material direct and indirect environmental aspects, including air pollution, industrial discharges, waste management and raw material consumption, are assessed annually using the organization's internal procedures. This information is reported to senior management so that it can assess the company's environmental conduct and take any necessary strategic measures to guide the company towards the goals established in its environmental policy.

[9] In accordance with the implementing legislation under Environment Ministry (APM) Order 1040/2017, of 23 October, establishing the date from which a mandatory financial guarantee of €2,000,000 must be arranged by companies with an ISO 14001:2015-compliant environmental management system, pursuant to Environmental Liability Act 26/2007.

Pollution

Pharma Mar meets all the legal requirements established in the Environmental Permit issued by the Madrid Regional Government. The anti-pollution measures in place at the company keep pollution levels at the facility below 50% of the limit established in the Integrated Environmental Permit, so that any cases of pollution are not classified as serious. These measures include:

- Minimization of atmospheric emissions by means of HEPA particle filters in process areas and scrubbers for gases from the laboratory fume cupboards.
- Control of hazardous waste produced at Pharma Mar installations and minimization of the impact using waste separation programs.
- Control of process water using a purifying plant that adjusts the chemical parameters to ensure that industrial water discharges are within the allowed limits.
- Product storage areas are built of concrete, and drain towards the water purification system to avoid risks of chemical spills and leaks.

The impact of Pharma Mar's Colmenar Viejo facilities in terms of carbon emissions may be considered insignificant, since the direct scope 1 emissions are those generated by the hot water boilers needed to heat the facility and comply with the parameters of comfort required under Royal Decree 486/1997, of 14 April.[10]Scope 2 emissions, which are more abundant than Scope 1 emissions, are due to consuming the electricity needed to keep both the production facilities and the cold rooms in operation 24 hours a day, 365 days a year. The cold rooms are necessary to preserve our marine samples, raw materials and intermediates, as well as the final product for commercialization.

Noise levels are compliant with the criteria established in the Colmenar Municipal Regulation[11] . Since the company is located in an industrial estate at least 500 meters from the nearest home, this is not seen as a material impact.

Light pollution is not considered to be significant as there is no nocturnal activity and the only light left on at night is that needed for surveillance of the premises.

The company's environmental risk analysis ensures that the environmental aspects of Pharma Mar's facilities will not give rise to serious pollution episodes[12].

[10] Royal Decree 486/1997, of 14 April.

[11] BOCM 216.

[12] Those exceeding €2,000,000 in accordance with the secondary legislation under Environmental Liability Act 26/2007.

Pharma Mar's emissions

PHARMA MAR'S EMISSIONS			
SOURCE OF THE EMISSIONS	**2018**	**2019**	**2020**
Electricity (t CO_2)*	1,200.98	1,855.49	1,855.37
Natural gas fuel (t CO_2)	794.41	698.87	702.31

* Emissions are calculated using a market-based approach, i.e., using the factor provided by the electricity supplier. This conversion factor was 0.39 in 2019 and 2020, compared with 0.246 in 2018.

Table 18. Calculating Pharma Mar's emissions

Circular economy and waste prevention and management

Pharma Mar's activity is subject to the pharmaceutical industry regulations concerning the control of raw materials involved in manufacturing medicines, which prevents them from being re-used during the production process.

The environmental impact of the drugs that are sold may be considered to be insignificant because of the strict production process and the stringent regulations governing their storage and disposal.

Pharma Mar has implemented measures to control and reduce the environmental impact that have resulted in higher energy efficiency in the last few years, with the Colmenar Viejo building achieving a BER of "B" based on a technical analysis conducted by an independent expert in 2013.

The company has been calculating its carbon footprint on a comprehensive basis since 2018, ranging from dive expeditions for sample collection up to commercial distribution of drugs.

With regard to the environmental impact of the suppliers with whom it works, Pharma Mar adheres to the International Standards for Phytosanitary Measures (ISPMs), which set out guidelines for reducing risks linked to wood packaging (pallets). These standards recommend heat treatment as an alternative to methyl bromide fumigation, as methyl bromide is an ozone-depleting gas. In order to help protect the ozone layer, the Procurements Department requires that its packaging suppliers have certificates and identifying marks to the effect that the wooden pallets it receives were heat treated. This has been a requirement for years now and suppliers are reminded of it with every order.

Since 2018, agreements have been reached with suppliers who have higher volumes of orders and good delivery times, to delay non-urgent deliveries by two or three days. This enables deliveries to be concentrated in a smaller number of shipments, which not only improves prices but also reduces the environmental impact of transportation and the degree of handling by people in the supply chain.

To benefit the local community, the Pharma Mar Group is in favor of hiring local suppliers to contribute to the joint development of neighboring communities and reduce the environmental impact.

As for waste generated, Pharma Mar selects local waste managers that guarantee the highest possible levels of waste recovery to ensure a lower environmental impact from its transportation.

Waste management at Pharma Mar is aimed at minimizing the amount and hazard status of waste generated, and to prioritize waste recycling and re-use. To guarantee optimum compliance in waste management, Pharma Mar has implemented an integrated waste management system to ensure the collection and proper treatment of waste generated by the Company, thereby minimizing the environmental impact.

The facility is duly authorized for hazardous waste, which means the waste must be logged, inventoried, stored and processed by waste managers authorized by the relevant authority in accordance with the applicable legislation.

Biological waste is managed by Cespa Gestión Residuos, S.A., a member of the Ferrovial group, while chemical waste is managed by various managers, each best suited to the specific waste, including Destilerias Requim, S.A. and GVC Gestión y Valorización Integral del Centro, S.L. This information is reported in the Annual Hazardous Waste Declaration, which must be submitted each year along with the environmental records.

Non-hazardous waste is re-used where possible or collected by a local authorized manager in order to minimize the impact of transporting this waste to recycling or re-use facilities. Also, and in compliance with the requirements of the integrated environmental authorization, Pharma Mar compiles an Annual Packaging Declaration that is part of the annual environmental records submitted to the Madrid Regional Government.

Actions to reduce food waste

This is not considered to be a material issue for Pharma Mar.

Sustainable resource use

Pharma Mar is aware of the need to minimize the use of natural resources in its operations. Since the ISO 14001 standard was implemented, the company has been implementing a program to reduce water and electricity consumption that has made the plant highly efficient from both these standpoints.

The reduction in water consumption has been based mainly on identifying and reusing non-polluted water from the factory's various processes, such as from purified water production. On a smaller scale, a more efficient system of bacteriostatic agents has been introduced in the toilets so as to reduce water consumption. This system is patented by a Spanish company, so it has the dual advantage of supporting R&D by domestic suppliers.

Electricity consumption has been minimized, in both lighting (where conventional lights are being replaced by energy-saving LED bulbs) and climate control in the facility and the cold stores for product storage. Colmenar Viejo's continental climate places a high demand on the plant's heating and cooling systems. Accordingly, the challenge with regard to electricity consumption is to implement processes to procure renewable energy or implement emission offset programs.

The implementation of efficiency measures with regard to the consumption of reagents and solvents is limited by two factors: Firstly, pharmaceutical regulations call for stringent controls and prior authorization of any changes in either the raw materials used or the amounts involved; in practice, this means that, once a process has been approved by the authorities, it is very difficult to improve it. Secondly, the company's research and development process, which accounts for more than 80% of its activity, is based on a process of optimization and trial and error that does not allow us to introduce an efficiency program in connection with the materials used.

Other measures have been adopted to significantly reduce resource use, such as:

- Replacement of plastic cups with re-usable beakers at the company's water fountains, in accordance with the measures adopted by the EU in 2018 as part of its policy to reduce plastic, which comes into force in 2021.
- Implementation of a new system for dispensing paper towels in toilets, which has cut consumption by 46% since 2017.

Resource consumption by Pharma Mar

RESOURCE TYPE	2018	2019	2020
Electricity (MWh)	4,823	4,844	4,882
Natural gas (fuel) (MWh)	3,913	3,443	3,460
Water (m^3)	8,085	8,572	8,012
Raw materials (kg)	30,278	23,584	37,371
Breakdown of raw materials (kg)*			
Laboratory solvents and reagents	25,424	17,926	33,402
Other ancillary raw materials and reagents	4,854	5,658	3,969

Table 19. Resource consumption by Pharma Mar

Among the continuous improvement processes, the organization made progress in identifying and classifying the types of raw materials used in the process. Since 2019, “Solvents” and “Other ancillary raw materials” have been separated into two categories, whereas in 2018 they were combined in a single category: “Solvents”. This separation allows for a more accurate analysis to identify opportunities for improvement in connection with the potential re-use of these ancillary materials in the Company’s processes. For 2018, the “Raw materials” figure and its breakdown were recalculated taking account of density, a parameter that is now being used to ensure appropriate traceability for 2019 and 2020.

Climate change

In its commitment to researching marine organisms, Pharma Mar is acutely aware of the consequences of climate change on the marine ecosystem. The Company is constantly exploring options for reducing greenhouse gas emissions generated directly and indirectly in the plant.

The bulk of the company’s greenhouse gas emissions are generated by the combustion gases from hot water and steam boilers needed for the facility to operate. To reduce the greenhouse effect, the Company plans to replace the old industrial steam boiler with a more energy-efficient one in 2021.

The plant’s cooling systems, which are essential to meeting a range of needs, may also generate greenhouse gas emissions. To minimize the risks, this equipment is subject to a strict maintenance program that prevents unwanted emissions such as small leaks.

Energy efficiency audits were conducted in 2020 at all the Pharma Mar Group’s companies and locations in Spain with the goal of detailing saving opportunities in order to contribute to adopting measures to adapt to climate change and reduce greenhouse gas emissions, for implementation in 2021.

In addition to these audits, Pharma Mar undertook the following actions in 2020 to minimize the energy impact of the following systems at its manufacturing plant: vacuum network, climate control and ambient conditions in rooms. Those actions were as follows:

- Replacement of the heating boiler burner with one equipped with a frequency variator for greater energy efficiency.
- Reduction of the number of air changes per hour to reduce energy consumption without an impact on air quality.

- Replacement of the vacuum pump to minimize the consumption of energy and lubricant.

The final target with regard to greenhouse gases is to reduce gas consumption by 20% and electricity consumption by 10%.

Protection of biodiversity

Although research and development includes a process of extracting marine organisms, this is done in a minimally invasive manner while always guaranteeing compliance with international conventions such as the Rio Declaration on Environment and Development and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

The Pharma Mar Group has also signed the Pact for Biodiversity, which aims to promote economic development that is compatible with biodiversity conservation.

Pharma Mar collects marine samples by means of selective collection techniques that minimize the impact on the sea bed. The samples are collected by specialized divers who, thanks to their considerable experience and training, are able to identify the species that may be of interest with a view to discovering new chemical entities that may be transformed into therapeutic molecules.

Samples of marine invertebrates are harvested by hand by scuba divers; no mechanical systems, such as drag nets or dredging, are used, thereby eliminating the impact on the natural environment. We also use an underwater robot with an umbilical that is operated from the surface and provides a real-time view of the seabed, allowing for the selection of sample zones and minimizing human interaction with the ecosystem. No more than 100 grams of each marine organism are extracted.

The samples are collected under permits provided by the various countries in the areas they indicate, either directly by Pharma Mar or in partnership with local universities. All of this information is compiled in the expedition log, showing the exact location of the marine ecosystem involved; this log can also be used by local authorities as an environmental indicator.

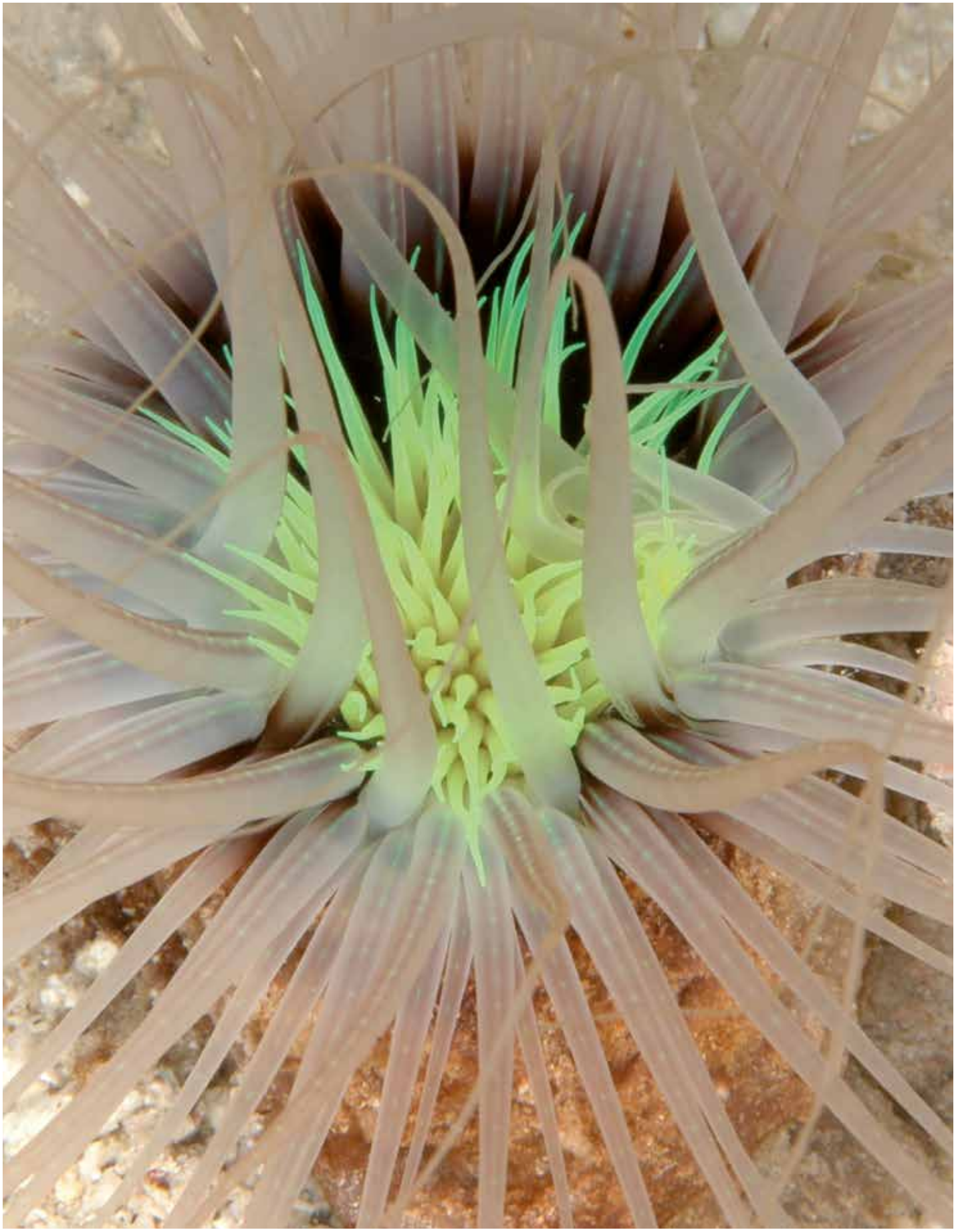
Because of the COVID-19 pandemic, no expeditions were conducted outside Spain in 2020, but samples collected in the 2019 expedition were received from Madagascar.

In accordance with the Rio Declaration on Environment and Development, the company advocates the sustainable use of the sea's valuable resources and the equitable sharing of its findings. In this way, Pharma Mar not only contributes to the development of new treatments from just a few grams of sample, but also furthers knowledge and conservation of local marine ecosystems.

The research Pharma Mar conducts based on these samples continues to respect the environment, since the aim is to chemically synthesize molecules of interest. This provides a supply of the compound without having to resort to the natural organisms that produce it.

Pharma Mar has discovered hitherto unreported marine organisms on its expeditions. For example, the company discovered a new species of deep-sea sponge, *Streptomyces pharmamarensis*, which was isolated from marine sediment and characterized by Pharma Mar researchers.

Pharma Mar is in compliance with Article 1 of the Rio Convention on Biodiversity. There are two international documents whose principles are reflected in the criteria applied in sample collection: the Red List of endangered species, and CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora).



5 / OUR COMMITMENT TO SOCIETY

The company's commitments to sustainable development

The Pharma Mar Group companies in Spain are established in the municipalities of Colmenar Viejo, Tres Cantos and Madrid, all in the Madrid region, as well as in the Barcelona Science Park. The companies contribute to the development of their local communities by creating and maintaining stable employment, paying taxes and providing a range of services as detailed below.

In 2020, there were 375 employees in Spain, including Pharma Mar, Genómica and Sylentis. A total of 68 employees work overseas. (In 2019, there were 368 employees in Spain and 68 overseas).

AV. NO. EMPLOYEES	Spain			International		Total
	Pharma Mar	Genómica	Sylentis	Pharma Mar subsidiaries	Genómica subsidiaries	
Men	126	13	4	24	2	169
Women	187	28	17	41	1	274
TOTAL	**313**	**41**	**21**	**65**	**3**	**443**

Table 20. Average number of employees per Pharma Mar Group company, and location.

The impact of the Pharma Mar Group's activity, and its relations with the communities in which it operates, are reflected in various domains and actions. The number of activities in this area was reduced in 2020 due to the COVID-19 pandemic. Meetings with patients and attendance at conferences were particularly affected.

- Development initiatives in **the local community:**
  - Pharma Mar and Sylentis normally offer **guided tours of their facilities** for authorities and students, with explanatory talks pitched to the appropriate level. Because of the pandemic, there were no visits in 2020.
  - Cooperation with **ASEYACOVI,** the Association of Entrepreneurs, Traders and Self-employed Workers of Colmenar Viejo, and the **Family Business Association of Madrid,** an independent group which defends Madrid interests and organizes activities for its members.
  - **"People of Pharma Mar Platform".** This is an online platform through which Pharma Mar employees may voluntarily take part in leisure and cultural, free time and sports activities, proposed by the company or the employees themselves. No events were arranged in this platform in 2020 because of the COVID-19 pandemic.
  - Involvement in **Premios Hipatia "Mujeres en la Ciencia"** awards offered by El Economista in recognition of the achievements of women researchers. The 2nd edition of these awards took place in 2020, in which Sylentis was part of the jury and took part in the round table discussion during the awards ceremony.
- Actions to **disseminate knowledge:**
  - **Scientific publications** in a range of prestigious international journals and specialist press, in the fields of oncology, pharmacology, therapeutics and diagnosis. According to the latest ASEBIO report, Pharma Mar ranks fifth among Spanish companies in terms of the number of publications in high-impact scientific journals[13].
  - Publication of volume 16 of the book **"El mundo submarino de Pharma Mar"** (Pharma Mar's Undersea World), which contains photographs of marine organisms taken on expeditions by our marine biologists, from which the company extracts the compounds for R&D and innovation.
- **Educational actions:**
  - Agreements with numerous national and foreign universities, business schools and institutes as part of a **training program for interns.** In 2020, there were 10 interns at the Pharma Mar Group (14 in 2019).
  - Participation in **post-graduate seminars and courses** organized by universities and in Master's programs and conferences in the fields of biomedicine and biotechnology. These courses facilitate the exchange of technical knowledge in order to promote science and research.

    Because of the pandemic, work in this line in 2020 was mainly on a distance basis.
  - **Grants** to university students.

[13] "Asebio. Report 2019. Prepared for the Spain of tomorrow", published in June 2020.

- Initiatives to **support society:**
  - **Donation of 800 antigen and antibody tests** to the following institutions: Residencia San Camilo, Asociación El Despertar and Primar Centro Geriátrico.
  - Outsourcing of advertising materials and graphic design work to **sheltered workshops for persons with disabilities,** such as Trébore, a Paideia Galiza Foundation initiative. It also works with IntegraIAV, a travel agency which employs persons with disabilities.
  - Participation in #LaCenaDeNavidadMásGrande, the **Christmas campaign** by Acción Contra el Hambre (Action Against Hunger), by publicizing it among Pharma Mar staff and in its social media accounts.
  - **Donation of 4 infusion pumps, 15 caps and 25 bifurcated** extension tubes to the Biomedical Research Foundations of the Ramón y Cajal and Puerta de Hierro-Majadahonda university hospitals.
  - **Donation of 30 manual soap dispensers** to ONG CONNECT MADRID, which distributed them to Asociación Cauces (which deals with mental health and provides care for young people with behavioral issues) and Culturas Unidas. These were the manual soap dispensers that Pharma Mar replaced with new automatic ones to avoid contact.

- **Communication initiatives**

  In 2020, Pharma Mar published a total of 51 press releases and achieved 33,355 media impacts, of which 24,250 were in media in Spain and 9,300 in media in other countries. The potential audience was of 5,385 million readers: 4,035 million in Spain and 1,350 million readers of international media.

  Pharma Mar has an active presence in the following social media platforms:

  LinkedIn: in 2020, the number of followers reached 47,727 and there were a total of 106,090 interactions (recommendations, comments or shares) in this platform.

  Twitter: 5,786 followers. Tweets achieved a total of 107,500 impressions and logged 32,073 interactions (likes, retweets and replies).

  Facebook: 18,227 followers. Organic reach exceeded 1.76 million people, generating more than 97,450 interactions (likes, comments and shares).

  YouTube: Pharma Mar's video channel obtained 227,798 views.

- Actions in connection with **the environment:**

  As detailed in the section on the environment, the Pharma Mar Group employs all the necessary resources to minimize the environmental impact of its activities on the territories and communities where it operates.

Contributions to foundations and non-profit entities

The Pharma Mar Group collaborates actively with various foundations and non-profit entities. This collaboration consists mainly of activities to foster research as well as donations to medical and patient associations. The contributions in this connection amounted to €190,449 in 2020 (€137,928 in 2019). These contributions were made in accordance with the provisions of the Farmaindustria Ethics Code, to which the Pharma Mar Group subscribes.

Notable contributions included:

- Collaboration with **patient associations,** including Sarcoma Patients Euronet (SPAEN), Fundación Mari Paz Jiménez Casado, Associação Oncologica do Algarve and Fondazione Nerina e Mario Mattioli.
- Cooperation with **medical associations:** These are biomedicine groups that conduct independent cancer and epidemiology research projects.
- Sponsorship of, and participation and presentations at, numerous **scientific conferences and meetings.**
- Active participation in associations to **promote biotechnology,** such as ASEBIO, the Spanish Association of Bioenterprises.

6 / BUSINESS ETHICS AND TRANSPARENCY

Human rights

The Pharma Mar Group's companies and subsidiaries are located in the European Union and the United States and comply with employment and human rights legislation in force. Moreover, as a Spanish company, Pharma Mar is subject to European regulations, which in turn are based on the fundamental conventions of the International Labour Organization. Among other aspects, these agreements refer to respect for human rights, freedom of association and collective bargaining.

The Pharma Mar Group also has a Code of Conduct that is applicable to all employees and executives and which came into force on 1 February 2016. In 2020, the Group updated its procedures in relation to ethics compliance and approved a Crime Prevention Plan, which updates existing policies and adds new ones. This includes a new version of the Code of Conduct and a new Protocol for Action on Workplace Harassment, as well as other documents listed in the following section, "Combating Corruption and Bribery". The Crime Prevention Plan came into force on 29 October 2020 and was communicated to all the Group's employees.

The purpose of the Code of Conduct is to formalize the principles that should guide the conduct of all people forming part of the Pharma Mar Group, among themselves and in their relationships with other parties in the course of their work (customers, partners, suppliers, etc.), including respect for human rights at all times.

The Code of Conduct explicitly rules out discrimination in the workplace. It requires all relations between employees to be based on strict respect for each person's dignity and rejects all forms of abuse or conduct that might violate their rights. The Pharma Mar Group does not tolerate any type of discrimination based on gender, race, sexual orientation, religious beliefs, political opinions, nationality, social background, disability or any other circumstance.

In the framework of the Crime Prevention Model, the Pharma Mar Group has a catalog of prohibited conduct which, among many other offenses, prohibits any offense related to the violation of the rights of workers and foreign citizens, expressly mentioning issues such as child labor and forced labor, and strictly prohibiting any deceit or the abuse of an employee's situation to impose working conditions that harm, suppress or restrict the rights they have under current legislation.

The Pharma Mar Group previously had a Conduct Committee that oversaw compliance with the Code of Conduct. Since the aforementioned 2020 update, the Conduct Committee was replaced by a Compliance Committee, which is responsible for ensuring compliance with ethical values in the company and with exercising appropriate oversight.

The Group has a Whistleblower Channel through which any employee may make good faith reports of breaches of the Code in a confidential manner without fear of reprisals. Reports via this channel are handled appropriately and analyzed independently and confidentially. The process ensures that the identities of the whistleblower and the alleged wrongdoer(s) remain confidential, and that they are shared only with the persons who are strictly necessary in the process of investigation and resolution.

The Whistleblower Channel is available via:

- Corporate Intranet
- E-mail: comitecumplimiento@pharmamar.com
- Postal mail: Plaza Descubridor Diego de Ordás, 3. 28003 Madrid.

To date, there have been no complaints in relation to human rights breaches, discrimination at work, forced or mandatory labor, child labor or any other related matter.

Combating Corruption and Bribery

Measures adopted to prevent corruption and bribery

The Pharma Mar Group's Code of Conduct expressly sets out measures to prevent bribery and corruption and indicates that in no cases will unethical practices be used to influence persons outside the company in order to obtain an illicit benefit. Not only are such practices prohibited, but the persons subject to the Group's Code of Ethics must remain alert to avoid such conduct in Pharma Mar's relations with other persons and organizations.

The Code of Conduct is applicable to the members of the Board of Directors, senior management and, generally, to all employees and executives of the companies that form part of the Pharma Mar Group.

Those persons may not make, offer or receive any payment in cash or in kind or any other benefit which might be considered to be unethical or to alter the professional relationships between the parties. Those persons are also prohibited from making payments, in any form and of any amount, to secure or expedite the performance of any process or action before any judicial body, public administration or government agency.

For control and compliance with the provisions of the Code of Conduct, the Pharma Mar Group adopted a Crime Prevention Plan in 2020. As part of the Plan, it established a Compliance Committee whose main functions are as follows:

- Ensuring compliance with ethical standards within the company.
- Communicating all matters relating to compliance with the rules governing the Pharma Mar Group.
- Performing pertinent supervisory and oversight functions
- Investigating reports received through the Group's Whistleblower Channel.

The Compliance Committee took on the functions of the former Conduct Committee, which was abolished. It is made up of members of the Legal, Human Resources, Corporate Affairs and Compliance Departments and may be contacted for any communication regarding ethics, anti-corruption or compliance issues at the following address: comitecumplimiento@pharmamar.com

The approved Crime Prevention Plan includes an Organizational and Management Model for Crime Prevention, with the following documents: Code of Conduct (new version), Anti-Corruption Policy, Catalog of Prohibited Conduct, Protocol of Action on Workplace Harassment, and Penalty Procedure.

Pharma Mar has also created a specific Compliance Department that reports directly to the Chairman in order to ensure the strictest ethical compliance. This department has functions relating not only to Criminal Compliance, as established in the Criminal Code in connection with the criminal liability of legal persons, but also to responsibilities in connection with Pharmaceutical Compliance, ensuring compliance with the industry's standards and self-regulatory codes.

Pharma Mar also adheres to Farmaindustria's Code of Good Practice in the Pharmaceutical Industry. The latter is aligned with the EFPIA Code of Practice, as amended, issued by the European Federation of Pharmaceutical Industries and Associations (EFPIA).

Pharma Mar also shares the fundamental ethical values of the Code of Ethics of the Spanish Association of Biotechnology Companies (ASEBIO), of which it is a member.

In line with Farmaindustria's Code of Good Practice and the EFPIA Code of Practice, Pharma Mar publishes an annual transparency report on its corporate website that details all transfers of value, whether in cash or in kind, in all its dealings with healthcare professionals, health associations and patient organizations in all the European countries in which it operates. This contributes to highlighting the activities carried out by the pharmaceutical industry, and in this case Pharma Mar, such as the key role it plays in training healthcare professionals. It is also a sign of the rigor and independence with which the relations between all the parties involved are conducted, thus creating a virtuous circle in which:

- healthcare professionals update their scientific and medical knowledge
- the healthcare system has professionals at the forefront of research, and
- patients and society in general benefit from professionals who are scientifically up to date and better trained.

This support for healthcare organizations and professionals is published in five categories: donations to healthcare organizations, grants for training activities and scientific and professional meetings, support for patients' associations, remuneration for professional services, and R&D.

Aspects relating to money laundering are not considered to be material at the Group due to the characteristics of the sector in which it operates and the markets in which it is present.

Tax information

The Pharma Mar Group prioritizes compliance with its obligations to pay the taxes which are due in each territory.

The Pharma Mar Group paid a total of €482,803 in corporate income tax in 2020 (€365,376 in 2019) in the countries where it operates. The table below details the tax paid, considering all income tax payments made in each country in 2019 on a cash basis, as well as payments on account of income taxes in 2020.

Under the system of minimum installments on book profit, the Group made prepayments totaling €9,650,460 euro. The accrued tax base method, which is the same method used to settle corporate income tax, did not give rise to any amount payable in 2020; consequently, Pharma Mar is entitled to a refund of that amount.

Earnings (before taxes) are detailed by country as indicated in the Notes to the Consolidated Financial Statements (Note 24. “Deferred taxes and income tax”).

COUNTRY	Profit (before taxes)	Income tax prepaid on 2020 profit	Income tax paid on 2019 profit	Income tax paid in 2020
Germany	326,922	70,427	134,284	204,711
Austria	-6,310	9,708		9,708
Belgium	42,358	10,000		10,000
China	-72,201			0
Spain	144,620,355	9,650,460		0
France	79,198			0
United Kingdom	-297			0
Italy	325,891	256,767		256,767
Sweden	275,453			0
Switzerland	4,385		468	468
US	12,201	1,150		1,150
TOTAL	**145,607,955**	**9,998,512**	**134,752**	**482,803**

Table 21. Corporate income tax calculation.

Grants recognized in 2020 amounted to €303,491.31, of which €39,630.27 were collected in cash in the year.

The table below shows the content required by Act 11/2018, of 28 December, amending the Commercial Code, the consolidated text of the Capital Companies Act approved by Royal Decree Act 1/2010, of 2 July, and Audit Act 22/2015, of 20 July, as regards non-financial information and diversity.

REQUIREMENTS OF ACT 11/2018 IN CONNECTION WITH NON-FINANCIAL DISCLOSURES AND DIVERSITY

SCOPE	CONTENT	MATERIAL ISSUE	CONSOLIDATION SCOPE	RELATED GRI STANDARDS	PAGES
GENERAL					
Business model	Brief overview of the group's business model including: 1.) its business environment, 2.) its organization and structure, 3.) the markets in which it operates, 4.) its goals and strategies, 5.) the main factors and trends that might affect its future performance. 6.) statement by senior executive decision-makers	YES	General	102-1 102-2 102-3 102-4 102-6 102-7 102-14	9-12 15-23
Policies	A description of the policies applied by the group to these matters, including: 1.) the due diligence procedures applied for identifying, assessing, preventing and mitigating material risks and impacts 2.) verification and control procedures, including the measures that have been adopted.	YES	General	103 Management approaches in each sphere within the broad economic, environmental and social areas	24
Short-, medium- and long-term risks	The main risks relating to these matters linked to the group's activities including, when relevant and proportionate, its commercial relations, products or services that might have negative effects on these spheres.	YES	General	102-15	25-34
KPIs	Key indicators of non-financial performance relating to the specific business activity that meet the criteria of comparability, materiality, relevance and reliability.	YES	General	General or specific GRI standards of the economic, environmental and social areas, reported in the following blocs	13-14
ENVIRONMENTAL MATTERS					
Overall environmental	1.) Detailed information on the current and foreseeable effects of the company's activities on the environment and, where applicable, on health and safety, assessment procedures or environmental certification; 2.) Resources devoted to the prevention of environmental risks; 3.) Application of the precautionary principle, the amount of provisions and guarantees for environmental risks.	YES	General	103 Management approach in each sphere of the environmental area	58

Pollution					
1.) Measures to prevent, reduce or remedy carbon emissions that severely affect the environment;	YES	General	103 Management approach to emissions / biodiversity	59-60	The impacts caused by the Group's activities are not material
2.) considering any kind of atmospheric pollution that is specific to an activity, including noise and light pollution.	NO		---		
Circular economy and waste prevention and management					
Circular Economy Waste: Measures to prevent, recycle, re-use, other waste recovery and disposal approaches.	YES	General	103 Management approach to effluent and waste	60-61	The impacts caused by the Group's activities are not material
Actions to reduce food waste.	NO		---		
Sustainable resource use					
Water consumption and water supply in accordance with local limits.	YES	General	303-1	62-63	
Consumption of raw materials and measures adopted to use them more efficiently.			103 Management approach to materials 301-1		
Direct and indirect energy consumption, measures adopted to enhance energy efficiency and the use of renewable energies.			103 Management approach to energy 302-1		
Climate change					
The main greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces.	YES	General	103 Management approach to emissions 305-1, 305-2	63-64	
Measures adopted to adapt to the consequences of climate change.			103 Management approach to emissions		
Voluntary medium- and long-term goals to reduce greenhouse gas emissions and the steps taken for that purpose.			103 Management approach to emissions		
Protection of biodiversity					
Measures adopted to preserve or restore biodiversity. Impact of activities/operations in protected areas.	YES	General	103 304-2	64	

SOCIAL AND PERSONNEL MATTERS

Employment				
Total number of employees and distribution by gender, age, country and professional category.	YES	General	103 Management approach to employment, 102-8, 405-1	36-37
Total number and distribution of employment contract types.			102-8	38
Annual average of indefinite contracts, temporary contracts and part-time contracts by gender, age and professional category.			102-8, 405-1	38
Number of terminations by gender, age and professional category.			401-1	38
Average remuneration and comparative figures broken down by gender, age and professional category or equal value; pay gap, remuneration for equal jobs or average remuneration at the company.			103 Management approach to diversity and equal opportunities, 405-2	40-42
Average remuneration for directors and executives, including variable remuneration, per diem expenses, indemnities, payments into long-term savings schemes and any other benefit, broken down by gender. Total annual compensation ratio			103 Management approach to diversity and equal opportunities 102-38	43-44
Implementation of policies to foster disconnection from work.			103 Management approach to employment	45
Employees with disabilities.			405-1	39
Work organization				
Organization of working hours.	YES	General	103 Management approach to employment	45
Number of hours lost.			403-2	48
Measures aimed at facilitating work-life balance and encouraging both parents to share the responsibility in this area.			103 Management approach to employment	35,45
Health and safety				
Occupational health and safety conditions.	YES	General	103 Management approach to occupational health and safety	47-51
Workplace accidents, in particular their frequency and severity. Occupational diseases, broken down by gender.			403-2, 403-3	48-49
Labor relations				
Organization of dialog with employees, including procedures to inform and consult and negotiate with staff;	YES	General	103 Management approach to labor relations	44
Percentage of employees covered by collective bargaining agreements, by country;			102-41	44
Outcome of collective bargaining agreements, especially in the field of occupational health and safety.			403-1	44

Training

Training policies implemented;	YES	General	103 Management approach to training and education	35,46
Total number of training hours by professional category.				47
Universal access for persons with disabilities		General	103 Management approach o diversity, equal opportunities and non-discrimination	

Equality

Measures adopted to foster equal treatment and equal opportunities between men and women;	YES	General	103 Management approach to diversity and equal opportunities	47
Equality Plans (Chapter III of Organic Act 3/2007, of 22 March, concerning effective equality between men and women), measures adopted to promote employment, protocols to combat sexual and gender-based harassment, integration and universal accessibility of persons with disabilities;				47
The policy against all kinds of discrimination and the policy on managing diversity, if any.				70-71

HUMAN RIGHTS

Due diligence in connection with human rights. Avoidance of the risk of human rights violations, and measures to mitigate, manage and remedy any abuses that occur.	YES	General	103 Management approach to the evaluation of human rights and non-discrimination, 102-16, 102-17	70-71
Reports of human rights violations.			406-1	71
Promotion of and compliance with the provisions of the fundamental conventions of the International Labour Organization in connection with freedom of association and the right to collective bargaining.			103 Enfoque de gestión de No discriminación	70
The elimination of discrimination in respect of employment and occupation.			103 Management approach to non-discrimination 406-1	35-70
The elimination of forced or mandatory labor.			103 Management approach to non-discrimination	70
The effective abolition of child labor.			103 Management approach to non-discrimination	70

CORRUPTION AND BRIBERY

Measures adopted to prevent corruption and bribery.	YES	General	103 Management approach to non-discrimination 102-16, 205-2	71-73

Anti-money laundering measures.	NO		---	73	The impacts caused by the Group's activities are not material
		General			
Contributions to foundations and non-profit entities.	YES		413-1	69	

SOCIETY

The company's commitments to sustainable development

The impact of the company's activity on local development and employment.			103 Management approach to local communities and indirect economic impacts, 413-1	66
The impact of the company's activity on local communities and the territory.	YES	General	413-1	67-68
Relations with agents in the local communities and the forms of engagement with them.			102-43	67-68
Association or sponsorship actions.	YES		102-12, 102-13	69

Outsourcing and suppliers

Inclusion of social, gender equality and environmental factors in the procurement policy;			102-9, 103 Management approach to procurement practices	
Consideration of suppliers' and subcontractors' social and environmental responsibility.	YES	General		52-54
Audit and supervisory systems and their outcome.			103 Management approach to procurement practices	52

Consumers

Consumer health and safety metrics.	YES	General	103 Management approach to customers' health and safety, marketing and labeling and customer privacy	54-57
Grievance mechanisms, complaints and outcomes.			103	56

Tax information

Profit breakdown by country. Income tax paid.	YES	General	103 Management approach to economic performance	73
Public subsidies received.			201-4	73

ANNEX 1

Full list of material issues for the Pharma Mar Group

	Nº	MATERIAL ISSUES IN ACCORDANCE WITH ACT 11/2018
Innovation	1	Commitment to research and development of new products
	2	Knowledge protection, patentability and management
	3	Strategic alliances and partnerships (with licensees, partners, research centers and universities)
Environmental Management	4	Environmental management approach and objectives
	5	Atmospheric pollution
	6	Circular economy and waste abatement
	7	Sustainable resource use - Water, energy and commodities
	8	Climate change - GHG emissions and risk management
	9	Protection of biodiversity
Employment quality	10	People management and HR policies
	11	Work organization
	12	Health and safety
	13	Collective agreements and labor relations
	14	Training and professional development (talent retention)
	15	Talent attraction
	16	Universal access for persons with disabilities
	17	Equality
Supply chain value	18	Quality in managing outsourcing and suppliers
	19	Quality in customer management
	20	Patient safety and wellbeing
	21	Product safety and quality
Governance, business ethics and transparency	22	Business model (strategy and governance)
	23	Respect for human rights
	24	Combating corruption and bribery
	25	The company's commitments to sustainable development of communities
	26	Respect for the laws, regulations and industry codes
	27	Transparent tax information
	28	Transparency in relations with investors and shareholders
	29	Transparent relations with public authorities and governments
	30	Transparency in clinical trials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