

**LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES**  
Statement of Non-Financial Information for the year ending 31 December, 2019

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The Board of Directors of Laboratorios Farmacéuticos Rovi, S.A. ("the Company") authorises the following Statement of Non-Financial Information in accordance with Law 11/2018, which amended the Code of Commerce, the revised text of the Capital Companies Act and the Account Auditing Law in respect of non-financial information and diversity.

**1. BASES FOR AUTHORISATION OF THE STATEMENT OF NON-FINANCIAL INFORMATION**

In view of the foregoing, the Company has analysed the impacts derived from its business model and considers the following non-financial aspects to be relevant, based on the materiality matrix contained in the 2018 Integrated Report published on the ROVI website ([www.rovi.es](http://www.rovi.es)):

- General Group information: business model, geographical presence, objectives, strategy and market trends.
- Environment: pollution and waste management, sustainable use of resources and climate change.
- Social and employee issues: employment, organisation of work, employee health and safety, labour relations, training and equality.
- Human rights.
- Corruption and bribery.
- Information on social contribution: commitment to sustainable development, subcontractors and suppliers, consumers and tax information.

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## **2. GENERAL INFORMATION**

### **2.1.- Group's business model (business environment and organisation)**

The Company is the parent company of a leading pan-European pharmaceutical group ("ROVI" or the "Group") company engaged in the research, development, manufacturing and marketing of small molecules and biological specialties. It has four principal pillars of growth:

- Low-molecular-weight heparin (LMWH) division. In 2019 this division represents 47% of group sales. ROVI has two proprietary research products: bemiparin Hibor® and an enoxaparin biosimilar.
  - Hibor® (bemiparin). Low-molecular-weight heparin (fast-acting anticoagulant) used to prevent and treat venous thromboembolic disease.
  - Biosimilar of EnoxaparinaBecat®. This is an anti-coagulant drug belonging to the leading low-molecular weight heparin group worldwide, which was first marketed in 2017. It is used to prevent deep vein thrombosis and pulmonary embolia.
- Other pharmaceutical specialties division: with a diversified portfolio of innovative products, both of its own and licensed, protected by patents. The company has more than 40 products on its portfolio (including both its own and licensed products) for which there is growing demand and which are not affected by the reference pricing system in Spain. They cover nine therapeutic areas and are indicated for both the treatment of a number of complaints and diagnosis. The most important products in terms of their contribution to the Group's EBITDA are:
  - Neparvis® (sacubitril/valsartan). This product is indicated in adult patients for treatment of symptomatic chronic heart failure with reduced ejection (the proportion of blood leaving the heart) fraction. The product is marketed by ROVI under a licence from Novartis.
  - Absorcol®, Vytorin® and Orvatez® (ezetimibe) / (ezetimibe and simvastatin) / (ezetimibe y atorvastatin). Adjunctive therapy to diet in patients with hypercholesterolemia. These products are distributed by ROVI under a co-marketing agreement with MSD.
  - Hirobriz® Breezhaler® and Ulunar® Breezhaler® (indacaterol maleate) / (indacaterol maleate and glycopyrronium bromide). Long-acting bronchodilators indicated for the maintenance treatment of Chronic Obstructive Pulmonary Diseases (COPD). These products are marketed by ROVI under licence from Novartis.
  - Volutsa® (solifenacin succinate and tamsulosin hydrochloride). Indicated for the treatment of moderate to severe storage systems symptoms (urgency, increased micturition frequency) and voiding symptoms associated with benign prostatic hyperplasia (BPH) in men who are not responding adequately to monotherapy treatment. This product is marketed by ROVI under licence from Astellas Pharma.
  - Medikinet® and Medicebrán® (methylphenidate hydrochloride with modified release / methylphenidate hydrochloride with immediate release). Prescription medicines that are indicated for treatment of attention deficit hyperactivity disorder (ADHD) in children and adolescents. These products belong to the company Medice.

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Additionally, ROVI is one of the market leaders in the marketing of contrast agents, hospital products for imaging diagnosis. This area comprises a broad product portfolio, including those marketed under licence from Bracco: Iomeron<sup>®</sup> and Iopamiro<sup>®</sup> (for computed tomography and intervention), Multihance<sup>®</sup> and Prohance<sup>®</sup> (for magnetic resonance imaging), Sonovue<sup>®</sup> (for ultrasounds), and Bracco Injeenering: EmpowerCTA+<sup>®</sup>, EmpowerMR<sup>®</sup> and CT Exprès (contrast injection systems and compatible disposable material).

- Contract manufacturing of prefilled syringes and oral forms. Rovi has successfully positioned itself strategically to take advantage of the growing trend among pharmaceutical companies to outsource their manufacturing processes. Thus, the Company uses the high manufacturing capacity available at its facilities by providing full development, transfer and manufacturing services for injectables and oral solid forms.

Through three production plants, used for injectables (one in Madrid and one in San Sebastián de Los Reyes) and for oral forms (in Alcalá de Henares), ROVI provides manufacturing services to other companies for a wide range of pharmaceutical forms, including prefilled syringes, vials, suppositories, tablets, hard capsules and sachets. Additionally, ROVI offers a broad range of services for the performance of clinical trials, preparation and filling, labelling, packaging and logistics.

- A sound, low-risk R&D policy. The Company allocates a large part of its resources to research, in order to remain in the vanguard in both the product area and the manufacturing and development systems area. ROVI operates with a low-risk strategy, concentrating on chronic diseases with broad medical needs and establishing strategic international alliances to tackle the most arduous clinical trials. Currently, ROVI has a portfolio of numerous products in the research and development phase, focused primarily on three areas:
  1. Sophisticated drug-release technologies (ISM<sup>®</sup> technology), in order to obtain new pharmaceutical products that allow drugs that require daily administration for chronic or prolonged conditions to be administered only periodically. The first two product developments with this technology are Risperidone ISM<sup>®</sup> (registered under the trade mark Doria<sup>®</sup>), which commenced its evaluation process to obtain marketing authorisation in the European Union in January 2020, and Letrozol ISM<sup>®</sup>.
  2. The Glycomics field, where ROVI has recently developed an enoxaparin biosimilar (enoxaparin is currently the world leader in low-molecular-weight heparins), which was first marketed in 2017.
  3. Multi-layer technologies for urethral catheters. The pre-clinical development of multi-layer technology is continuing. It provides significant advantages over the state of the art against the high prevalence of bacteria in stents and urethral catheters, which may lead to the appearance of clinical symptoms and complications, including serious sepsis and death.

ROVI has a series of competitive edges that have positioned it as one of the main leaders in its market niche in a sector which, moreover, has high entry barriers:

- Unique knowledge of LMWH (low-molecular-weight heparins): As a result of ROVI's 70 years' experience, its main product, Bemiparin, has positioned itself as one of the principal treatments for venous thromboembolic disease worldwide.
- Infrastructure with operating advantages: ROVI is one of the main companies in the contract manufacturing business in the sector and among the world leaders in prefilled syringe production.

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- Diversified portfolio protected by patents: the Company has a portfolio of more than 40 products (of its own and licensed) for which there is growing demand and which are not affected by the reference pricing system in Spain for nine therapeutic areas.
- Low-risk innovation. ROVI operates with a low-risk strategy, concentrating on chronic diseases with broad medical requirements.
- International expansion: ROVI continues with its strategic objective of expanding its international presence and, in 2019, made great strides forward in this respect.

At 31 December, 2019, ROVI had a total of 1,310 employees and sales of 381,313 thousand euros in the period ended at said date.

ROVI is listed on the Barcelona, Bilbao, Valencia y Madrid stock exchanges. In 2018, the Company carried out a capital increase, after which the share capital consisted of 56,068,965 shares with a face value of 0.06 euros each. The quoted price of the share at 31 December, 2019 was 24.40 euros.

#### **2.2.- Geographical presence**

Laboratorios Farmacéuticos Rovi, S.A. has its current registered office in Madrid (C/ Julián Camarillo, 35). In addition to these offices, in 2017, ROVI opened new offices in Pozuelo de Alarcón, Madrid (Calle José Isbert 2), where the management team and the marketing and sales areas are located, as well as other central group services.

ROVI has three research centres and six plants to manufacture its own products and provide services to third parties, located at facilities in Madrid (production and R&D), San Sebastián de los Reyes (production), Alcalá de Henares (production and R&D) and Granada (production and R&D). Furthermore, in 2019, ROVI announced that the construction of a second heparin plant would commence in Granada.

At the end of 2019, ROVI was present in more than 65 countries and operating directly in the following:

- Spain, where a large part of its marketing operations is conducted, as well as all the manufacturing services and R&D activities.
- France
- Portugal
- Italy
- Germany
- United Kingdom
- Poland

In the last five of these countries, ROVI has corporate structures through which it carries out pharmaceutical product marketing activities directly. In the case of the French subsidiary, product marketing had not commenced at 31 December, 2019.

Additionally, through strategic alliances with international partners, at the end of 2019, ROVI, due to its LMWH division, was present in more than 65 countries, distributing its flagship product, Bemiparin, in 58 countries around the world. Furthermore, at 31 December, 2019, ROVI was marketing its enoxaparin biosimilar directly in Germany, the United Kingdom, Italy, Spain, France, Austria, Latvia, Estonia, Portugal, Poland, Costa Rica, Sweden and Finland. Likewise, all the EU countries where ROVI had applied for approval for national registration of its enoxaparin biosimilar (26 countries)

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had approved said registration and, in addition to the European countries, the Company held marketing agreements for the product in a further 85 countries.

International sales account for around 80% of the toll manufacturing business, with exports to more than 40 countries.

### **2.3.- The organisation's objectives and strategies**

In a complicated environment which, nevertheless, offers new opportunities, over the last few years, ROVI has been getting ready to take advantage of the circumstances with:

1. The marketing of an enoxaparin biosimilar, which began in September 2017 and with which ROVI aspires to become one of the main European players in a market where enoxaparin sales total 900 million euros<sup>1</sup>, due to the competitive edge provided by the vertical integration of processes in the Group. Likewise, the Company hopes to increase its presence in emerging markets, where enoxaparin sales total 500 million euros<sup>1</sup>. To increase its capacity, in 2019 ROVI announced that construction would begin on a second heparin plant in Granada.
2. The development of drugs to treat complaints with high growth prospects. Currently, ROVI's product portfolio in the research and development phase focuses mainly on the development of new controlled-release systems based on ISM<sup>®</sup> technology, as mentioned above.
3. Launching new products in the market. Products such as Neparvis<sup>®</sup>, Hirobriz<sup>®</sup> Breezhaler<sup>®</sup> and Ulunar<sup>®</sup> Breezhaler<sup>®</sup>, Volutsa<sup>®</sup> and Orvatez<sup>®</sup> will contribute to a good performance by the Company over forthcoming years, since they meet needs with a growing demand and represent an opportunity for sustained and profitable growth for the future.
4. The development of operating synergies and the extension of the scope of the value-added manufacturing services with present and potential customers.

International expansion is one of the strategic goals at both organisational and marketing level, mainly through the distribution of the enoxaparin biosimilar.

Additionally, all the companies that form the ROVI Group are aware of the health improvements provided by their products and wish to provide a response to certain social demands in relation to the impacts of their activities on society and the environment. For this reason, ROVI's economic development must be compatible with its conduct in respect of ethics, society, employment, the environment and respect for human rights.

The knowledge, communication and implementation of these values, which express the Group's commitment to business ethics and corporate social responsibility, guide the actions of the Board of Directors and other Group bodies in their relations with stakeholders. Therefore, the Group has support tools the objectives of which are to:

- Favour attainment of the group's strategic objectives.
- Improve the group's competitiveness by implementing management practices based on innovation, equal opportunities, productivity, profitability and sustainability.
- Manage risks and opportunities derived from the changing environment responsibly, maximising the positive impacts of the group's activities in the different territories where it operates and minimising any adverse impacts as far as possible.

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<sup>1</sup> Estimates based on the sales reports of Sanofi-Aventis 2018A.

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- Promote a culture of ethical conduct and increase business transparency, in order to generate credibility and confidence among stakeholders, including society as a whole.
- Promote trust relationships and value creation for all stakeholders, providing all of them with a balanced and integrating response.

**2.4.- Main factors and trends that may affect future evolution**

Although public spending on medicines has dropped over recent years, especially in Spain, the prospects for forthcoming years are more optimistic. As QuintilesIMS Institute says in its report “*Outlook for Global Medicines through 2021*”, medicine expenditure worldwide will grow by between 4% and 7%, mainly driven by new medicines in developed markets and a higher volume in emerging markets. According to said document, the total volume of medicines consumed all over the world will rise by approximately 3% per year until 2021. This growth rate is a little faster than the growth in the population and demographic changes, driven by different factors worldwide.

The U.S.A. continues to be the principal world market, although it will suffer a reduction in its growth, followed by China, which has remained in this position since 2012. In the first 20 places, there are nine countries with emerging medicine markets. These will continue to be driven by generic products, which already account for 98% of the market and 78% of the spending. The opposite is true in the developed markets, where the original brands still have specific weight in comparison with generics.

But the difference between some companies and others will be denoted by their capacity to provide the market with new and better products. New medicines, which represented 20% ten years ago, will hold 35% of the market in 2021. This growth is due to the latest scientific and R&D advances, such as ROVI's ISM® technology, including their capacity to contribute to improving costs and the value provided by prescribing these products.

**2.5.- Reporting framework used to select key non-financial result indicators**

The key non-financial result indicators used in this Statement on Non-Financial Information are those that are generally applied and meet the guidelines of the European Commission on the subject, as well as the standards of the Global Reporting Institute (GRI) for each one of the matters discussed herein.

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### **3. ENVIRONMENT**

#### **3.1.- ROVI's objective in relation to performance concerning environmental variables**

ROVI's commitment to environmental protection is firm and constant and forms part of its day-to-day activity. Together with the principles of quality and occupational safety for protection of ROVI's employees, the Company assumes care of the environment as an indispensable foundation for its actions.

In this respect, ROVI carries on its activity with the firm commitment of contributing to sustainability from an environmental standpoint, which materialises through pollution prevention, efficient resource management and fomenting responsibility in respect of the environment in accordance with the Group's Environmental Policy.

By defining environmental objectives and goals, ROVI undertakes to improve day by day, upholding a firm vision of a more sustainable future in which to develop. The main goals that ROVI has defined in relation to the environment are:

- Attaining efficient energy management, rationalizing the use of natural resources.
- Promoting the best guidelines for risk and waste management, including the principles of risk prevention, waste minimization and, whenever possible, recycling in its activities.
- Obtaining certifications of the environmental management systems. At present, the environmental management systems of the Group companies Rovi Pharma Industrial Services, S.A.U. and Laboratorios Farmacéuticos ROVI S.A. are certified under the standard ISO14001:2015.

Additionally, ROVI is committed to making a joint effort with its suppliers and contractors to minimise the impact of their activities on the environment and the risks derived for safety and health, both in the environment and for their workers.

#### **3.2.- Main environmental risks that affect the organisation**

ROVI has a corporate Risk and Opportunity Management Procedure, the objective of which is to define a work method that allows environmental risks and opportunities to be identified, together with an action plan to address them and the planning and review of the resulting actions, taking the context of the organisation and the stakeholders into account. This procedure is applied to all the activities carried on by any of the Group's plants and/or companies, including internal and external factors that affect or may exert an influence on the preparation of the product, provision of the service and/or operational control.

In accordance with the corporate Risk and Opportunity Management Procedure, the Company detects the risks and opportunities related to:

- Environmental aspects.
- Legal and regulatory requirements.
- Other questions and requirements related to the organisation and its context, and the needs and expectations of stakeholders.

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Among the main risks related to the environmental activity, apart from those inherent thereto, are those concerning access to and verification of the environmental regulations in the different areas in which ROVI operates, as well as possible restrictions imposed by the authorities in particular locations and specifically the following:

- Non-compliance with legal requirements due to either deficient identification of legal requirements concerning the environment, or environmental aspects or emergencies, when this may lead to possible sanctions or stakeholder dissatisfaction.
- Failure to adapt to a change in the trend in legislation or any applicable new legislation on a timely basis.
- Possible administrative restrictions in force in particular locations.
- Impact on material and human assets due to an environmental incident caused by neighbours or employees.
- Bad environmental practices on the part of external companies providing services on a permanent basis or the Group personnel supervising them.
- Non-compliance with noise regulations that leads to contingencies or disciplinary sanctions.
- Pollution due to exceeding the pollutant emission limits on boilers or discharges to groundwater that may lead to an administrative sanction.
- Incidents in transporting hazardous waste that may lead to a sanction.
- Deficiencies in personnel training on environmental matters.
- Releasing emissions into the atmosphere due to the absence of mechanisms to prevent the product leaking from the equipment.
- Mixture of different kinds of waste and generation of hazardous waste.
- Absence of energy efficiency certification.
- Failure to file the annual waste report and minimisation plan on a timely basis.

Specific control of environmental risks stems from, among other mechanisms, the Environmental Management System applied by the aforementioned Group companies, certified under the standard ISO14001:2015, and all the tools that form part of it.

Likewise, ROVI has information systems that keep the personal updated on these matters. Company personnel communicate smoothly and cooperate with the different public authorities that ensure environmental conservation, which allows constant updating of the changes in legislation that apply to ROVI.

In addition, ROVI manages indirect environmental aspects resulting from trading relations, products or services that may have adverse effects in the environmental area. For each production plant, an analysis is made of the life cycle of the process or product, where all direct and indirect environmental aspects involved (coming from suppliers) are identified bidirectionally. Once they have been identified, in accordance with the corporate Procedure for Identification and Assessment of Environmental Aspects, the indirect aspects on which ROVI is able to take action are verified.

The possible materialisation of environmental risks is managed, likewise, through the aforementioned corporate Procedure for Identification and Assessment of Environmental Aspects, which sets out how environmental risks should be identified, communicated and quantified. Likewise, ROVI holds environmental liability insurance, renewable annually.

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**3.3.- Policies and commitments**

One of the key tools to ensure correct management of environmental aspects is the introduction of an environmental management system based on the criteria established by the international standard ISO 14001:2015. These certifications recognise the quality of ROVI's environmental management system and assure its commitment to the environment in terms that go beyond current national legislation. Therefore, at all ROVI's production facilities, production management respectful of the environment is fostered, meaning a constant effort to reduce energy consumption and manage waste more efficiently.

The ROVI Group has a department that is responsible exclusively for aspects related to environmental management, as well as those concerning workplace health and safety throughout the Group (formed by 9 personas), and an Integrated Environmental Management and Occupational Hazard Prevention Policy which governs ROVI's activities in respect of environmental issues, most recently updated in July 2019. Additionally, an annual budget to cover safety and environmental expenses is assigned to each plant or work centre.

Within its project of environmental management and workplace health and safety, ROVI assumes not only compliance with current legal requirements and the different third-party requirements that it meets voluntarily, but also the concept of sustainable development. ROVI's vocation is to be a business project that is sustainable in environmental terms and committed to the prevention of any damage to or deterioration in people's health.

In relation to environmental queries, ROVI has a corporate communication, participation and query procedure, though which communications (queries, complaints, etc.) related to the environment and workplace health and safety are managed. On the corporate website ([www.rovi.es](http://www.rovi.es)), the environmental certificates held by group companies are available to the public.

As mentioned previously, ROVI has a Corporate Procedure for Risk and Opportunity Management, which defines the work method that allows environmental risks and opportunities to be detected, together with the action plan to address them. Additionally, ROVI has a Procedure for Identification and Assessment of Environmental Aspects, which sets out how environmental risks should be identified, communicated and quantified, with, likewise, a Procedure for Identification and Assessment of Legal Aspects.

ROVI also has a Procedure for Management of Non-Conformity, Preventive and Corrective Actions, which sets out the mechanisms for the identification of deviations (in quality or work procedures), the implementation of actions to correct these deviations and the procedures to prevent them (preventive actions).

Among its operating procedures, ROVI has specific waste, noise and discharge management procedures, which are intended to establish the methodology to follow to control waste, noise in the external environment and liquid discharges generated at ROVI's production plants, respectively.

**3.4.- Results of application of the policies and indicators**

The result of the policies and procedures applied by ROVI in environmental issues is, year after year, a favourable assessment of the Group's integrated environmental management system, both internally and externally by the firms issuing the certificates. Additionally, the whole system is periodically reviewed with the management of the different centres and the points on which these reviews are based include any improvement opportunities and significant changes that may affect the system and/or environmental management.

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1. Pollution and waste management

Waste generation is inherent to ROVI's activity. Precisely for this reason, the treatment and reduction of waste form an essential part of the Company's commitment to prevent pollution. The processes related to waste treatment are intended mainly to minimise it in the production processes and, once it has been produced, to manage it correctly to foment using and valuing it whenever possible.

2. Sustainable use of resources

Regarding energy, at all ROVI's product plants, water, electricity and gas indicators are verified and reported on a monthly basis, analysing any possible deviations. Likewise, in the Distribution business has contracted a provider of 100% renewable energy.

3. Climate change

At ROVI, as a contribution to the fight against climate change, not only is electricity taken into account, but the CO<sub>2</sub> emissions caused by the consumption of natural gas and diesel fuel, derived from electricity and automobiles, are measured, as well as other substances that act to destroy the ozone layer. ROVI's greenhouse gas emissions have always been insignificant and very much below the legally-established levels.

In July 2019, ROVI completed the renewal of its vehicle fleet for the sales network and its corporate fleet. The change in model had a favourable effect on rationalisation of the Company's average fuel consumption, which dropped by 7% in the period July to December 2019 in comparison with the same period of the preceding year.

**3.5.- Indicators**

The following are the main environmental indicators. The data have been divided between different companies or businesses to enable comparisons between them, since the units produced are measured in different units for each company / business. Specifically

- Own products manufacturing plant of Laboratorios Farmacéuticos ROVI, S.A. located in Granada: this is the plant in which Bemiparin and Enoxaparin are produced, the active substances of ROVI's main research products. In this case, the units produced are measured in MUI, i.e. the activity of the active substance produced.
- Injectables production plant of Rovi Pharma Industrial Services, S.A.U. (Plants located in San Sebastián de los Reyes and Madrid): in this case, the units produced are expressed in individual packaged units. For the production of forms in Alcalá de Henares, the conditioned packs of oral solid forms (tablets, coated tablets, hard capsules and sachets) are used as the production unit.
- Distribution business of Laboratorios Farmacéuticos ROVI, S.A. and subsidiaries: in this case, the units distributed are used.

Free translation of the 2019 Statement of Non-Financial Information originally issued in Spanish. In the event of discrepancy, the Spanish version prevails

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WASTE (*)	2019				2018				Var.			
	Granada	Madrid and SSRR	Alcalá de Henares	Distribution	Granada	Madrid and SSRR	Alcalá de Henares	Distribution	Gr	Mad & SSRR	AH	Distr.
Tn of hazardous waste generated	1,910	236	120	15	1,037	186	176	25	84%	27%	-32%	-39%
Tn of non-hazardous waste generated	2,282	658	440	1	1,336	464	283	1	71%	42%	56%	-30%
<b>TOTAL</b>	<b>4,192</b>	<b>894</b>	<b>560</b>	<b>15</b>	<b>2,373</b>	<b>651</b>	<b>459</b>	<b>25</b>	<b>77%</b>	<b>37%</b>	<b>22%</b>	<b>-39%</b>
Tn of hazardous waste / million units produced	0.004	1.78	3.53	0.74	0.003	1.70	5.17	1.15	5%	5%	-32%	-35%
Tn of non-hazardous waste / million units produced	0.004	4.97	12.94	0.02	0.004	4.24	8.31	0.03	-3%	17%	56%	-25%
<b>Ton. Waste/million units produced</b>	<b>0.008</b>	<b>6.76</b>	<b>16.47</b>	<b>0.77</b>	<b>0.008</b>	<b>5.95</b>	<b>13.49</b>	<b>1.18</b>	<b>0%</b>	<b>14%</b>	<b>22%</b>	<b>-35%</b>

ENERGY CONSUMPTION (*)	2019				2018				Var.			
	Granada	Madrid and SSRR	Alcalá de Henares	Distribution	Granada	Madrid and SSRR	Alcalá de Henares	Distribution	Gr	Mad & SSRR	AH	Distr.
kWh electricity consumed	3,822,809	7,795,638	8,906,808	97,458	3,002,572	7,206,775	8,100,711	630,352	27%	8%	10%	-85%
<b>kWh electricity consumed/million units produced</b>	<b>7</b>	<b>58,924</b>	<b>225,489</b>	<b>4,830</b>	<b>10</b>	<b>65,863</b>	<b>238,256</b>	<b>29,306</b>	<b>-28%</b>	<b>-11%</b>	<b>-5%</b>	<b>-84%</b>
kWh natural gas consumed	2,285,101	6,836,948	14,048,975	0	1,941,716	6,371,676	14,426,850	0	18%	7%	-3%	-
<b>kWh natural gas consumed/million units produced</b>	<b>4</b>	<b>51,678</b>	<b>355,670</b>	<b>0</b>	<b>6</b>	<b>58,231</b>	<b>424,319</b>	<b>0</b>	<b>-33%</b>	<b>-11%</b>	<b>-16%</b>	<b>-</b>
Litres vehicle fuel	300	0	2,175	485,185	500	409	1,279	518,653	-40%	-100%	70%	-6%

NATURAL RESOURCE CONSUMPTION (*)	2019				2018				Var.			
	Granada	Madrid and SSRR	Alcalá de Henares	Distribution	Granada	Madrid and SSRR	Alcalá de Henares	Distribution	Gr	Mad & SSRR	AH	Distr.
m3 water consumed	24,026	58,931	63,114	2,561	27,399	51,842	62,516	985	-12%	14%	1%	160%
<b>m3 water / million units produced</b>	<b>0.0</b>	<b>445.4</b>	<b>1,597.8</b>	<b>126.9</b>	<b>0.1</b>	<b>473.8</b>	<b>1,838.7</b>	<b>45.8</b>	<b>-50%</b>	<b>-6%</b>	<b>-13%</b>	<b>177%</b>

ATMOSPHERIC EMISSIONS (*)	2019				2018				Var.			
	Granada	Madrid and SSRR	Alcalá de Henares	Distribution	Granada	Madrid and SSRR	Alcalá de Henares	Distribution	Gr	Mad & SSRR	AH	Distr.
Tones of CO2 emitted	1,569	3,644	5,446	1,290	1,263	3,379	5,291	1,456	24%	8%	3%	-11%
<b>Tonnes of CO2 emitted / million units produced</b>	<b>0.003</b>	<b>27.54</b>	<b>137.86</b>	<b>63.92</b>	<b>0.004</b>	<b>30.88</b>	<b>155.61</b>	<b>67.70</b>	<b>-29%</b>	<b>-11%</b>	<b>-11%</b>	<b>-6%</b>

(\*) Some of the data for the last month of 2019 are estimates based on information from previous periods.

**Note:** Due to a change in the method of calculating CO2 atmospheric emissions, the data presented above have undergone a slight modification with respect to those reported in the SNFI 2018, in order to allow the comparability of said indicators.

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**4. SOCIAL AND EMPLOYEE MATTERS**

**4.1.- Employment**

In 2019, the Company's continuing growth strategy of previous years continued and, in accordance therewith, ROVI increased its number of employees, thus continuing with its human resources policy aimed at adapting the workforce to the needs defined by business strategy.

During the year, ROVI continued with its policy of favouring permanent employment as a way to create a stable workforce and generate high-quality jobs. The Company's strategy fosters a balanced use of permanent and temporary contracts, using the former to cover the structural workforce needs and the latter for specific or seasonal requirements of the activity. This is shown in the distribution of the workforce, where permanent contracts prevail.

Another feature of the employment policy to highlight is the Company's effort to promote the inclusion and access of differently-abled candidates under equitable conditions, as well as balance and equality in the conditions for men and women. Thus, the strategy to consolidate equal opportunities and diversity as a defining aspect of ROVI's culture continues.

ROVI still believes that, in order to undertake the business strategy, a workforce balanced between young and experienced professionals is necessary. This can be seen from the tables showing the distribution of employees by age, where a balance in the distribution of the workforce among the different brackets may be noted.

The following figures show the indicators relating to ROVI's workforce at 31 December, 2019. The data do not include information related to scholarship contracts.

- Total number and distribution of employees by:

a) Gender

DISTRIBUTION OF EMPLOYEES BY GENDER	2019	2018	Var.
Men	614	558	10%
Women	696	666	5%
<b>TOTAL</b>	<b>1,310</b>	<b>1,224</b>	<b>7%</b>

b) Age

DISTRIBUTION OF EMPLOYEES BY AGE / GENDER	2019			2018			Var.
	Men	Women	TOTAL	Men	Women	TOTAL	
18-30 years	88	222	310	78	106	184	68%
31-40 years	179	187	366	156	216	372	-2%
41-50 years	210	176	386	195	213	408	-5%
51-60 years	116	93	209	109	114	223	-6%
>60 years	21	18	39	20	17	37	5%
<b>TOTAL</b>	<b>614</b>	<b>696</b>	<b>1,310</b>	<b>558</b>	<b>666</b>	<b>1,224</b>	<b>7%</b>

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c) Country

DISTRIBUTION OF EMPLOYEES BY COUNTRY / GENDER	2019			2018			Var.
	Men	Women	TOTAL	Men	Women	TOTAL	
Spain	606	685	1,291	550	654	1,204	7%
Uk	-	1	1	-	1	1	0%
Germany	3	2	5	3	3	6	-17%
Italy	1	3	4	3	3	6	-33%
France	3	-	3	1	1	2	50%
Poland	-	1	1	-	-	-	-
Portugal	1	4	5	1	4	5	0%
<b>TOTAL</b>	<b>614</b>	<b>696</b>	<b>1,310</b>	<b>558</b>	<b>666</b>	<b>1,224</b>	<b>7%</b>

d) Professional group

DISTRIBUTION EMPLOYEES BY PROFESSIONAL GROUP* / GENDER	2019			2018			Var.
	Men	Women	TOTAL	Men	Women	TOTAL	
1	1	6	7	1	5	6	17%
2	26	20	46	27	35	62	-26%
3	79	92	171	68	88	156	10%
4	130	105	235	108	93	201	17%
5	225	218	443	210	201	411	8%
6	68	103	171	60	84	144	19%
7	62	135	197	59	142	201	-2%
8	3	1	4	5	3	8	-50%
0	12	5	17	12	3	15	13%
Subsidiaries	8	11	19	8	12	20	-5%
<b>TOTAL</b>	<b>614</b>	<b>696</b>	<b>1,310</b>	<b>558</b>	<b>666</b>	<b>1,224</b>	<b>7%</b>

\* Professional group according to the XIX Collective Agreement of the Chemical Industry.

- Total number and distribution of types of employment contract by:

a) Gender

DISTRIBUTION EMPLOYEES BY TYPE OF CONTRACT / GENDER	2019			2018			Var.
	Men	Women	TOTAL	Men	Women	TOTAL	
Permant full-time	496	526	1,022	462	532	994	-100%
Permanent part-time	-	8	8	-	4	4	100%
Permanent short-time	4	35	39	-	-	-	-
<b>Total permanent</b>	<b>500</b>	<b>569</b>	<b>1,069</b>	<b>462</b>	<b>536</b>	<b>998</b>	<b>-100%</b>
Temporary for specific project or service	2	1	3	2	3	5	-40%
Temporary due to work backlog	61	48	109	47	55	102	7%
Temporary substitution contract	6	8	14	4	6	10	40%
Training / apprenticeship	31	51	82	27	49	76	8%
Temporary part-time	14	19	33	15	17	32	3%
Temporary full-time - empl. with disabilities	-	-	-	1	-	1	-
<b>Total temporary</b>	<b>114</b>	<b>127</b>	<b>241</b>	<b>96</b>	<b>130</b>	<b>226</b>	<b>7%</b>
<b>TOTAL</b>	<b>614</b>	<b>696</b>	<b>1,310</b>	<b>558</b>	<b>666</b>	<b>1,224</b>	<b>7%</b>

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b) Age

DISTRIBUTION EMPLOYEES BY TYPE OF CONTRACT / AGE	18-30	31-40	41-50	51-60	>60	TOTAL
Permanent	181	311	360	203	14	1,069
Temporary for specific project or service	1	2	-	-	-	3
Temporary due to work backlog	45	41	19	3	1	109
Temporary substitution contract	3	3	6	2	-	14
Training / apprenticeship	71	9	1	1	-	82
Temporary part-time	9	-	-	-	24	33
<b>TOTAL</b>	<b>310</b>	<b>366</b>	<b>386</b>	<b>209</b>	<b>39</b>	<b>1,310</b>

c) Professional group

DISTRIBUTION OF EMPLOYEES BY TYPE OF CONTRACT / PROFESSIONAL GROUP *	1	2	3	4	5	6	7	8	0	Subsidiaries	TOTAL
Permanent	5	10	129	195	359	136	196	4	17	18	1,069
Temporary for specific project or service	-	1	-	-	1	1	-	-	-	-	3
Temporary due to work backlog	-	31	23	18	24	12	-	-	-	1	109
Temporary substitution contract	-	4	6	1	3	-	-	-	-	-	14
Training / apprenticeship	-	-	4	10	46	22	-	-	-	-	82
Temporary part-time	2	-	9	11	10	-	1	-	-	-	33
<b>TOTAL</b>	<b>7</b>	<b>46</b>	<b>171</b>	<b>235</b>	<b>443</b>	<b>171</b>	<b>197</b>	<b>4</b>	<b>17</b>	<b>19</b>	<b>1,310</b>

\* Professional group according to the XIX Collective Agreement of the Chemical Industry.

- Number of dismissals by:

a) Gender

DISTRIBUTION OF DISMISSALS BY GENDER	2019	2018	Var.
Men	22	17	29%
Women	17	16	6%
<b>TOTAL</b>	<b>39</b>	<b>33</b>	<b>18%</b>

b) Age

DISTRIBUTION OF DISMISSALS BY AGE / GENDER	2019			2018			Var.
	Men	Women	TOTAL	Men	Women	TOTAL	
18-30 years	1	2	3	2	-	2	50%
31-40 años	5	10	15	3	4	7	114%
41-50 años	8	5	13	5	8	13	0%
51-60 años	8	-	8	3	2	5	60%
>60 años	-	-	-	4	2	6	-100%
<b>TOTAL</b>	<b>22</b>	<b>17</b>	<b>39</b>	<b>17</b>	<b>16</b>	<b>33</b>	<b>18%</b>

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c) Professional group

DISTRIBUTION OF DISMISSALS BY PROFESSIONAL GROUP * / GENDER	2019			2018			Var.
	Men	Women	TOTAL	Men	Women	TOTAL	
1	-	-	-	-	-	-	-
2	4	3	7	3	-	3	133%
3	4	3	7	2	2	4	75%
4	-	1	1	1	2	3	-67%
5	10	7	17	7	5	12	42%
6	3	2	5	-	3	3	67%
7	1	1	2	3	2	5	-60%
8	-	-	-	-	1	1	-
0	-	-	-	1	1	2	-
<b>TOTAL</b>	<b>22</b>	<b>17</b>	<b>39</b>	<b>17</b>	<b>16</b>	<b>33</b>	<b>18%</b>

\* Professional group according to the XIX Collective Agreement of the Chemical Industry.

- Average remuneration by:

a) Gender

AVERAGE REMUNERATION BY GENDER	2019	2018	Var.
Men	36,782 €	40,733 €	-10%
Women	35,244 €	36,738 €	-4%
<b>AVERAGE</b>	<b>36,013 €</b>	<b>38,735 €</b>	<b>-7%</b>

b) Age

AVERAGE REMUNERATION BY AGE/GENDER	2019		2018		Var.
	Men	Women	Men	Women	
18-30 years	22,813 €	28,091 €	21,966 €	21,983 €	16%
31-40 years	29,893 €	34,909 €	30,535 €	34,460 €	0%
41-50 years	44,772 €	41,400 €	47,312 €	45,095 €	-7%
51-60 years	48,836 €	40,914 €	58,097 €	41,546 €	-10%
>60 years	51,672 €	36,987 €	33,459 €	11,908 €	95%

c) Professional group

AVERAGE REMUNERATION* BY PROFESSIONAL GROUP** / GENDER	2019		2018		Var.
	Men	Women	Men	Women	
1	16,000 €	17,262 €	15,311 €	14,892 €	10%
2	17,117 €	18,095 €	16,677 €	17,012 €	5%
3	19,137 €	21,510 €	19,000 €	19,266 €	6%
4	26,350 €	25,951 €	25,082 €	23,432 €	8%
5	36,492 €	33,925 €	42,078 €	40,546 €	-15%
6	43,960 €	34,910 €	50,426 €	36,687 €	-9%
7	53,905 €	50,705 €	51,208 €	47,265 €	6%
8	104,044 €	102,851 €	105,465 €	105,050 €	-2%
0	226,024 €	132,203 €	202,978 €	130,182 €	8%
Filiales	71,545 €	66,091 €	87,949 €	72,367 €	-14%

\* Scholarship remuneration not included because they do not have a professional group.

\*\* Professional group according to the XIX Collective Agreement of the Chemical Industry.

Remuneration data shown above contain items related to fixed and variable remuneration (commissions and bonuses).

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- Average remuneration of management

The accrued average remuneration of the members of the Company's Management Committee at 31 December, including fixed and variable remuneration and remuneration in kind, was 251,787 euros for men and 148,644 euros for women. The difference is because, in the case of the men, three of them are also Executive Directors and their salaries reflect the additional responsibilities they hold.

Details of the above figures are shown below:

AVERAGE REMUNERATION OF MANAGEMENT COMMITTEE	2019			2018			Var.
	Men	Women	AVERAGE	Men	Women	AVERAGE	
Fixed remuneration	179,399 €	113,333 €	146,366 €	163,430 €	93,419 €	128,425 €	14%
Variable remuneration	61,444 €	28,333 €	44,889 €	61,960 €	36,763 €	49,362 €	-9%
Remuneration in kind	10,944 €	6,977 €	8,960 €	8,752 €	5,280 €	7,016 €	28%
<b>TOTAL AVERAGE</b>	<b>251,787 €</b>	<b>148,644 €</b>	<b>200,215 €</b>	<b>234,142 €</b>	<b>135,462 €</b>	<b>184,802 €</b>	<b>8%</b>

Additionally, in 2019, a total of 929 thousand euros was paid to the three executive directors on the Management Committee for the long-term incentive plan adopted at the Ordinary General Shareholders' Meeting held on 31 May, 2016, which accrued between 2016 and 2018.

- Pay gap

ROVI is convinced of the need to apply the principle of equal pay for equal work effectively and takes said principle as the basis of its wage policy, applying it in its salary-fixing practice upon recruitment of the employee and in the salary reviews throughout the employee's working life.

To ensure the foregoing, ROVI believes that regular analysis and monitoring of the gender wage gap is the tool required to ensure that the principle of wage equality is applied, since, through a regular assessment of indicators that show wage differences by job and gender, it is possible to guard against any possible differences between genders and reduce them.

As a result of the foregoing, in 2018, ROVI engaged the audit firm PricewaterhouseCoopers Auditores S.L. to carry out a limited assurance review of pay gap indicators by professional group in Group companies. The indicators were drawn up on the basis of the methodology published in January 2015 by the Ministry of the Presidency, Parliamentary Relations and Equality in relation to calculating the gender pay gap

The aforementioned indicators make a diagnostic analysis of the Group's workforce to find out the differences in the remuneration of men and women with the same jobs. The analysis of the indicators shows, according to the opinion of the aforementioned auditor, that there is no gender-based pay discrimination or differences in remuneration that is not based on personal factors (qualifications, work experience, length of service, etc.) or position (duties, degree of responsibility, working hours, etc.).

In 2019, ROVI updated the data as of 31 December and the indicators obtained led to the same conclusion. There is no gender wage discrimination or remuneration differences that are not based on personal or job-related factors.

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Taking a further step forward in continuing with the commitment to equality and the regular monitoring of the wage gap, in 2019, ROVI began to prepare a new Equality Plan, based on the requirements of Royal Decree Law 6/2019 on Urgent Measures for Equal Treatment and Opportunities for Men and Women in Employment and Occupation. The Plan includes a regular review of wages by gender in order to detect any possible pay gap and, if required, take the measures necessary to correct it.

### - Disconnection from work

Before Royal Decree-Law 8/2019 of 8 March on Urgent Measures for Social Protection and the Fight against Job Insecurity in the Workplace (the "Royal Decree") was promulgated. ROVI already aimed for its employees to be able to enjoy their time off effectively and conserve their personal and family privacy. To do this, ROVI has encouraged practices aligned with disconnection from work, avoiding communication with employees through any channel (telephone, e-mail or any other) outside working hours unless there is an urgent, unforeseen need that cannot be met otherwise. Likewise, meetings in the later part of the working day are avoided, in order to prevent overstepping working hours at the end of the day and thus affecting the work-life balance.

When the aforementioned Royal Decree-Law 8/2019 was promulgated, ROVI included a Digital Disconnection Protocol in its Agreements with the Workers' Representatives and its Working Day Register Policies. This regulates the Company's commitment not to require its employees to connect to the Company's digital systems, e-mail or telephone once the working day fixed for each worker has concluded.

### - Employees with disabilities

As a socially responsible company, ROVI maintains a commitment to mainstreaming people with disabilities in the workplace. Having a job allows both their incorporation into the workplace and a decrease in the risk of social exclusion, with the adverse social and financial consequences that this implies. In addition, the spirit of sacrifice and desire to improve of differently-abled people provides added value to the Company and enriches it.

As an expression of its commitment to mainstreaming people with disabilities in the workplace, ROVI fosters their joining its workforce. Thus, in 2019, the number of people with disabilities working in the Company's activity had increased in comparison with the previous year. At 31 December, 2019, there were 34, in comparison with 25 the preceding year. 25 of them belong directly to ROVI's workforce, while 9 work through a temporary employment company.

The Group holds agreements with the Fundación Prods, the Fundación Manantial and the Asociación Síndrome de Down in Granada whereby it conducts supported employment programmes aimed at the workplace inclusion of persons with intellectual disabilities. ROVI firmly believes that, when person with intellectual disabilities receive the training and support necessary, they provide the best of their personal, social and employment abilities and perform high-quality work.

To complement the foregoing, ROVI carries out actions to foment the social integration of this group in two spheres. First, within its activities related to Corporate Social Responsibility, it provides economic cooperation to various non-profit entities that carry on their activities in the area of help for the social inclusion of persons with intellectual and/or physical disabilities by organising leisure and sports activities, which are difficult for these people to access. Likewise, Special Employment Centres are its service providers in several different areas of the Company's activity (to consult these two spheres of action, section 7.1 Commitment to sustainable development).

## **LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES**

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### **4.2.- Organisation of work**

#### **- Working day register**

Royal Decree-Law 8/2019 of 8 March on Urgent Measures for Social Protection and the Fight against Job Insecurity in the Workplace amended article 34.9 of the Workers' Statute by requiring a working day register, which must include the specific starting and finishing times of the working day of each worker. This article falls within the framework of the public authorities' intention, which ROVI shares, to ensure compliance with the limits on working hours, create a framework of legal certainty, protect workers against abuse of their working time, avoid fraud in providing and paying social security contributions on overtime and favour the work-life balance.

The working day register has never been the cause of any conflict in the organisation, since it was introduced decades ago. Likewise, office workers and those holding positions of responsibility have always worked on a flexible basis in an environment of mutual trust.

In this context, the Company has adapted the working hours system to the new requirement of the Royal Decree by developing rules on time checks that are a continuation of the policy that has been implemented in the organisation for decades, likewise including the specific features of certain jobs for which these checks are more complicated, putting guidelines in place to ensure legal certainty and the rights of both the workers and the organisation.

#### **- Organisation of working hours**

ROVI carries on its economic activities in three different environments: the industrial production area, the sales area and the industrial structure/offices area. The activity of each one of them has different dynamics, requiring different working hours and ways of organising working time. In all of them, the Company foment criteria for organising working time and time off to facilitate the best work-life balance possible, as well as enabling ROVI employees to exercise motherhood and fatherhood responsibly.

The industrial environment, which includes the employees working at the pharmaceutical product production plants, makes it necessary for employees who are engaged in manufacturing tasks or work directly related thereto to have working hours that coincide with the times of activity of the production processes. This means that this group of people works, in general, under a shift system. Since we are aware that shift work is more arduous, it is used when there is no other possible alternative that is compatible with the viability of the activity and the demand for the product manufactured and we strive to reduce the inconvenience of the shift dynamics as much as possible. The holiday period in the industrial area is also subject to the volume of activity and must, in general, be arranged on fixed dates for the whole workforce. At any event, we endeavour to ensure that it is always in summer and ROVI undertakes that at least half the holidays will be enjoyed in the summer period. Additionally, the time off scheduled to adjust the work calendar of this group of employees is fixed to coincide with school holidays, so that the employees can enjoy it with the rest of their families.

Employees in the sales area carry on their activity in daytime working hours, coinciding with those of the customers to whom they market ROVI's products. Given the nature of their activity, they have a high degree of independence in planning their work, which allows them to reconcile their work with any needs that may arise in their family life.

In the industrial structure and office area, time is organised through flexible working hours. This allows employees to start and end their working day with a margin of choice, depending on their needs or preferences.

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In these last two groups, holidays are preferably taken in summer and, additionally, time off is arranged during school holidays.

- Absence from work

The health of its workers is a fundamental factor for the proper operation of ROVI's activity, not only because a healthy workforce allows the activities planned and programmed to be carried out, but also because the well-being of the workforce benefits the organisation overall, their families and society in general.

Because of this, ROVI prepares and monitors, on a monthly basis, a series of indicators to periodically monitor, monthly and annually, absences, distinguishing between different types depending on the reasons for them. The indicators are analysed to determine possible areas in which the Company might act in order to reduce absences. Additionally, they are compared with the preceding annual period to observe how they evolve over time.

The indicators show that the level of absences in ROVI in 2019 was below those of the sector in which it operates.

The following tables show a summary of the absolute absence rates in 2019 and 2018 for accidents at work, occupational diseases, common contingencies, risk during pregnancy and risk during breastfeeding.

ECONOMIC GROUP: 28/12/51 - GRUPO ROVI

PERIOD: JANUARY - DECEMBER

COMP. SECTOR

CNAE21 - MANUFACTURE OF PHARMACEUTICAL PRODUCTS

	2019		2018	
	ECONOMIC GROUP	COMP. SECTOR	ECONOMIC GROUP	COMP. SECTOR
Total absolute absence rate	2.52%	3.43%	2.26%	3.44%
Absolute absence rate WA & OD	0.26%	0.20%	0.23%	0.21%
Absolute absence rate OI	2.26%	3.23%	2.03%	3.23%

WA: Work-related accident

OD: Occupational Disease

OI: Ordinary Illness

	2019				2018			
	Days off	Days Worked	Absence rate	Sector absence rate	Days off	Days Worked	Absence rate	Sector absence rate
<b>TOTALS</b>	<b>12,000</b>	<b>476,347</b>	<b>2.52%</b>	<b>3.43%</b>	<b>10,036</b>	<b>443,803</b>	<b>2.26%</b>	<b>3.44%</b>

Source: Mutua de Accidentes de Trabajo FREMAP. Annual Report on Global Absences ROVI Group.

From the figures shown for work-related accidents, occupational diseases and ordinary illnesses, it may be seen that the number of days of absence was 12,000, which is equivalent to lost working hours of 96,000, meaning an absence rate of 2.52%.

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	2019		2018	
	ECONOMIC GROUP	COMP. SECTOR	ECONOMIC GROUP	COMP. SECTOR
Absolute absence rate RIP & RIB	0.38%	0.28%	0.19%	0.29%

RIP: Risk in Pregnancy  
RIB: Risk in breastfeeding

	2019				2018			
	Days off	Days Worked	Absence rate	Sector absence rate	Days off	Days Worked	Absence rate	Sector absence rate
<b>TOTALS</b>	<b>742</b>	<b>197,559</b>	<b>0.38%</b>	<b>0.28%</b>	<b>362</b>	<b>191,282</b>	<b>0.19%</b>	<b>0.29%</b>

Source: Mutua de Accidentes de Trabajo FREMAP. Annual Report on Global Absences ROVI Group.

From the figures shown for absences due to risk during pregnancy and risk during breastfeeding, it may be seen that the number of days of absence was 742, equivalent to 5,936 working hours lost, meaning an absence rate of 0.38%.

- Reconciliation of work and family life and support of co-responsibility therein

ROVI endeavours to create an environment in the organisation that enables its employees to attain a higher quality of life, with a balance between their personal and family life and progress in their professional careers. To do this, a set of work-life balance measures are in place, with options adapted to different personal and family situations.

ROVI's employees apply the work-life balance measures contained in current legislation and the enhancements introduced by the Collective Agreement of the Chemical Industry, as well as other measures, such as flexible working hours, exchanging shifts or flexibility in the calendars for time off. As we say above in the section on Organisation of Working Hours, ROVI has a flexible starting and finishing times for the working day of office employees and structure employees in the industrial area. Likewise, it allows exchanges of shift or days between co-workers in the industrial area and shorter working days adapted to the needs of each person, also offering flexibility in holiday calendars, provided that this is compatible with the activity of area in which the employee works

ROVI also supports the work-life balance through advantages in the remuneration of its workforce. Thus, it ensures that maternity does not represent any decrease in the usual income of the pregnant woman or the father. In this respect, the Company itself, as an improvement on the public benefits, pays a wage supplement that completes the benefit received from the Social Security to 100% of the employee's salary. It also offers salary options, with the availability of nursery school vouchers, restaurant vouchers and health insurance. Furthermore, ROVI offers all its permanent employees cover by the life insurance policy paid by the company.

In order to prevent avoidable travel and trips, ROVI provides all the personnel who so require with a laptop computer with connectivity to the ROVI network and encourages the use of videoconferences and on-line meetings. Likewise, if the work performed so permits, teleworking is organised during the last weeks of pregnancy. Additionally, at work centres where street parking is difficult, parking spaces are made available to pregnant women.

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### **4.3.- Health and Safety**

The management of personnel-related risks is the duty of the Health and Environment Department, which holds exclusive responsibility for aspects related to environmental management, as well as workplace safety and health throughout the Group.

As stated in other sections of this report, ROVI has an Integrated Environmental and Occupational Hazard Prevention Management Policy, applicable to the whole Group, the objective of which to protect the life, physical integrity and health of all the workers, including both the Group's own workers and those of the companies who work with ROVI. This Policy is based on a series of corporate procedures, as well as local procedures or work instructions specific to each centre.

Likewise, all ROVI's industrial plants hold OSHAS 18001:2007 Occupational Health and Safety Management Certifications, published on ROVI's website.

Specifically, the ROVI Group set a goal of an accident rate (No. of accidents / No. of workers \* 100) of 1.3% with sick leave and 3% without sick leave. In addition, each plant, individually, defines specific prevention objectives. Examples of these are:

- Reduction in the trend of accidents with sick leave due to overexertion by 20% in comparison with the period January 2018 – June 2019 (18 months).
- Implementation of an Industrial Hygiene Programme to reduce the workers' exposure to active substances.
- Increase in the number of technical staff in the Maintenance Area with broader prevention training by 20% (in respect of the total) in comparison with 2018.

The principal occupational hazards identified by ROVI, having followed the corporate procedure for identifying hazards, assessing risks and determining controls, are mainly those inherent to a production plant: contact with and exposure to chemical products, noise exposure, overexertion, etc.

These risks are managed through planning the preventive activity (existence of specific procedures compliance with which minimizes the probability that these risks will materialize) and training (there are occupational hazard training plans and refresher plans). Furthermore, the risks identified are managed in accordance with the specific procedures created to control and regularly monitor the actions taken, such as those concerning work permits, safety inspections and the identification and evaluation of legal requirements.

Furthermore, the Group has several Health and Safety Committees, on which all ROVI employees are represented.

In addition, in the aspect of promoting healthy lifestyle habits among employees, ROVI continued with the initiatives implemented in previous years, such as healthy breakfasts and vending, cooperation with sports centres to encourage sports among the employees and participation in races, among others and, in 2019, held the campaign "Cada Superhéroe tiene su equipo de protección" ("Every Superhero has their protection equipment") aimed to raise awareness of the need to make responsible use of Individual Protection Equipment (IPE).

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The work-related accident indicators for 2019 are shown below:

<b>FREQUENCY RATE FOR WORK-RELATED ACCIDENTS (*)</b> <b>BY GENDER</b>	<b>2019</b>
Men	7.678
Women	11.540
<b>TOTAL</b>	<b>9.652</b>

\* Rate calculated as No. of accidents / No. of hours worked \* 1000000

<b>WORK-RELATED ACCIDENT SEVERITY RATE (*) BY GENDER</b>	<b>2019</b>
Men	0.604
Women	0.405
<b>TOTAL</b>	<b>0.503</b>

\* Rate calculated as No. of working days lost / No. of hours worked \* 1000

<b>WORK-RELATED ACCIDENT FREQUENCY RATE (*) BY GENDER</b>	<b>2019</b>
Men	2.280
Women	3.161
<b>TOTAL</b>	<b>2.778</b>

\* Rate calculated as No. of accidents / No. of workers \* 100

*Note: accidents on the way to work and data of ROVI Group employees are included. Information on personnel hired through temporary employment companies are excluded. Additionally, when calculating the working days lost, it was assumed that each working day has a length of 8 hours.*

**4.4.- Labour relations**

ROVI is convinced that labour relations with the workers' representatives must be based on an environment that allows for a constructive and trusting relationship. To do this, it bases its labour relations on transparency, strict compliance with the law and permanent respect and dialogue with its social partners, the workers' representatives.

Dialogue with the workers takes place with smooth communication using all the resources available, especially meetings, both regular, in accordance with a scheduled calendar, and specific, at the request of either the company or the workers' representatives. This allows the status of agreements to be monitored and any incidents arising from the company's day-to-day activity to be solved swiftly.

In 2019, labour relations ran as normal without any conflictive incidents. During the year, two significant negotiations were commenced and concluded in relation to items of remuneration and the process of moving part of the activity from one work centre to another. Both concluded satisfactorily for both workers and company.

It is very important to the organisation that its employees are kept informed of all aspects that are important to the Company. Therefore, ROVI informs its employees of matters of general interest, company milestones, agreements or organisational changes through the channels available. The resources used try to make the best use of the latest technological advances available to reach the entire workforce, both the people who have access to office IT in the course of their work and those who do not. Thus, communication takes place through the internal television channel, notice boards, e-mail or the mobile phone application (Rovi Rocks) that was implemented during 2019.

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This application, for internal use by ROVI employees, allows them to keep updated on new developments in the Company, in addition to including some very useful information, such as an employee directory with their contact phone numbers, the confidential consultation channel *Canal Ético*, or the section *Ideas ROVI*, through which employees may submit improvement proposals for the Company.

Additionally, the application allows the employee to enter an area of discounts and groups that are exclusive to ROVI employees and also includes a virtual library section (called *Roviteca*), where they can access a catalogue of more than 2,000 titles of all kinds: novels, educational, magazines, children's books, classics, etc.

We should highlight the fact that all ROVI's employees in Spain work under the employment conditions regulated in the Collective Agreement of the Chemical Industry, signed in 2018. The employees of the subsidiaries in the rest of Europe also work under the relevant collective agreements, except in those cases where local legislation states that general labour law is applicable because the subsidiary has very few employees.

An important aspect of the Group's works councils is that they are highly representative and participate in the Safety and Occupational Health Committees. On these committees, on a regular basis, the Group's actions in these areas are consulted, debated and proposed, as well as any incidents that have arisen and proposals for corrective measures.

The main matters discussed on these committees where the company and the workers have equal representation are: the assessment and valuation of occupational hazards, the provision of individual protection equipment, the protection facilities, information and training on occupational hazards, among other issues. Through these joint bodies, ROVI's employees are represented in these matters at the highest level.

### **4.5.- Training**

The ROVI Group knows that making training a priority is a long-term investment so that the Company's talent is well prepared and develops its highest potential.

For this reason, we strive for the employees to have the necessary training to cover, not only the requirements of their present job, but also to tackle future needs derived from the use of new technologies, equipment, instruments, etc. or the need to take on greater responsibilities or more important projects.

To draw up the annual training plans, the training needs in each area are identified, a process in which the Human Resources Department, Group Management and Middle Management are involved.

ROVI's annual plan is aligned with the strategic and business objectives. Through training, it is sought to efficiently help people to contribute and add value to the attainment and achievement of ROVI's strategic objectives. Likewise, ROVI has Individual Development Plans. Depending on the specific needs identified, different alternatives and training plans are put into place in order to promote the career plans of specific employees.

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ROVI works with a training model that foment self-responsibility and commitment. Thus, 10% of development and learning takes place through training actions in the classroom or in virtual or e-learning format and 20% takes place through feed-back, observation or with the support of mentors, coaches, professional associations, spaces for reflection, conversations with other people, leaders, etc. Lastly 70% of development and learning takes the form of job experience, applying new learning in real situations, problem-solving, participating in projects and new challenges, rotating through different departments, etc., always taking the professional profile and the needs of each area into account.

- Basic principles of ROVI Group's training programmes/actions:

- Training programmes will contain aspects related to respect for human rights and will foster an ethical culture.
- No discrimination on the grounds of gender, age or origin. Professionals with equal positions and professional development have the same training opportunities.
- Training actions will respect the current regulatory framework and demands of the work and business environment. ROVI will provide training in new legislation, so that workers know and comply with current laws.
- The use of different training tools is favoured (classroom, on-line, platforms, etc.).
- Sharing the knowledge that exists in the Company, continuing learning and cultural exchange is encouraged.

- Scholarship policy:

For the ROVI Group, cooperation with universities and professional training centres is of key importance in recruiting new, young talent for its teams. This is why the Company holds more than 20 agreements with Spanish universities at national level, so that undergraduates in their last year and students studying for a Master's degree or doctorate can carry out their practical training in different areas of the Company, while professional training students can obtain their practical training credits with ROVI.

85% of the people who have a scholarship at ROVI finally join the Company with a contract. The possibility for young talents to train and ROVI's investment in this training is indispensable in order to have a good reserve of talent for the future.

- 90% of the ROVI Group's scholarships are remunerated
- 90% of the scholarship are full time
- 90% of the scholarships last for 6+6 months

The total number of hours of training distributed by professional group are shown below:

	1	2	3	4	5	6	7	8	0	2019	2018	Var.
<b>TOTAL HOURS OF TRAINING BY PROFESSIONAL GROUP*</b>	0.0	740.6	3,684.9	5,358.6	10,231.2	3,727.8	4,237.2	61.2	122.4	<b>28,163.9</b>	<b>24,057.9</b>	<b>17%</b>

\* Professional group according to the XIX Collective Agreement of the Chemical Industry.

The number of hours shown refers to training actions recorded either in the quality system or with the State Foundation for Training in Employment. In addition to the aforementioned, numerous training actions are carried out as part of normal job dynamics.

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**4.6.- Universal accessibility**

Full social and workplace mainstreaming of persons with disabilities is hindered, firstly, by the physical obstacles to access to the work environment. In addition, the difficulty in using tools, objects and products irrespective of the person's technical, cognitive or physical skills is a further hurdle. ROVI believes that full and complete mainstreaming requires both types of barrier to be overcome.

To overcome the physical barriers, ROVI is endeavouring for the work centres where it carries on its activities to be accessible for everyone safely, comfortably and independently. For this to materialise, the new plans for remodelling works on work centre accesses include accessibility for persons with disabilities as one of the design premises.

To make the products marketed easier to use, they are labelled in Braille, so that the visually impaired can use them autonomously. Thus, the purpose for which they were designed is fully attained. Likewise, ROVI adapts the workstation and the work tools to the needs of the employees who are going to use them.

For ROVI, it is also important for its employees to be sensitised to the difficulties of persons with disabilities. Therefore, at the same time as the actions to favour accessibility, ROVI fosters sensitisation as the primary tool to combat the barriers that exist for people with disabilities. In this respect, it carries out corporate volunteering activities with non-profit entities engaged in the social mainstreaming of persons with mental and intellectual disabilities.

This allows employees to obtain first-hand knowledge of the main barriers that people with disabilities have to overcome in their everyday life. These activities are broadcast on the organisation's internal television channel and included in the periodic internal publications. Thus, the Company's commitment to accessibility and inclusion is shared with the employees, in order to raise disability awareness and combat the discrimination suffered by this group of people.

**4.7.- Equality**

ROVI is convinced that real equality in treatment and opportunities for women and men is indispensable in order for the company to make good use of all the talent available and to prevent this talent from remaining hidden and unused as a result of practices that prevent or restrict it from being fully expressed.

As a consequence of the foregoing, ROVI is committed to establishing and developing policies that include equal treatment and opportunities for women and men, with no direct or indirect gender discrimination, and to drive and foster measures to achieve real equality within the organisation, establishing equal opportunities as a strategic principle in its human resources policy.

Likewise, ROVI is committed to no discrimination based on gender or any other personal characteristic in selection, promotion and personal development processes and the remuneration policy according to which workers are paid.

Applying this commitment, the organisation carries out an integrated activity covering the following spheres: Equality, Code of Ethics, Protocol for the Prevention and Handling of Cases of Moral and Sexual Harassment, and Ethics Channel.

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ROVI had an Equal Opportunities Plan for men and women until 2019, in accordance with the legislation in force until said year. As a derivative of this Plan, the Equality Opportunities Commission was created, with the main mission of making a diagnosis and monitoring the measures implemented to ensure equal opportunities and non-discrimination, as well as fostering the inclusion of new actions in this respect.

After publication in 2019 of Royal Decree-Law 6/2019 of 6 March on Urgent Measures for Equal Treatment and Opportunities for Men and Women in Employment and Occupation, ROVI commenced the process of drawing up a new Equality Plan that met all the requirements of the Royal Decree and enhanced the current Plan. To do this, it created the Plan Negotiating Committee, which will prepare a prior diagnosis negotiated, if applicable, with the workers' legal representatives. The diagnosis will contain at least items referring to the selection and recruitment process, professional classification, training, professional promotion, working conditions (including the pay audit regarding men and women), co-responsibility in exercising the rights to personal, family and professional life, the under-representation of women, remuneration and the prevention of sexual and gender harassment. The result of the Plan will be an orderly set of evaluable measures aimed to remove the obstacles that prevent or hinder equality between men and women.

ROVI's commitment to equality and non-discrimination is also set out in the Company's Code of Ethics and the principles that govern training programmes and actions.

ROVI does not tolerate harassment and rejects any kind of violence, physical, sexual, psychological or moral harassment, the abuse of authority at work or any other form of conduct that generates an atmosphere that is intimidatory or offensive in respect of the employees' rights. Therefore, ROVI has a Protocol for the Prevention and Handling of Cases of Moral and Sexual Harassment in the workplace, which all employees are obliged to know and respect.

To ensure that any reports that may be received informing of a violation of the aforementioned Protocol, the Code of Ethics or, in general, any approved policy or procedure are handled properly and receive an appropriate response, ROVI has made an Ethics Channel available to its employees, suppliers, trading partners, agents and external collaborators. The Regulations of the Ethics Channel govern the procedure to follow when handling or processing any reports or notifications received and ensures that, when faced with an action that potentially contravenes the Company's principles and values, the organisation is able to react strictly, efficiently and diligently.

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### **5. HUMAN RIGHTS**

#### **5.1.- Principal risks**

The ROVI Group operates in Spain and the European Union (UK, Germany, Italy, France, Poland and Portugal) through subsidiaries. Since these are territories with legislation that protects human rights more than sufficiently, no risks of this nature that can derive directly from the ROVI Group's activity have been identified.

In addition, more than 90% of the ROVI Group's suppliers also operate in countries belonging to the European Union and those that carry on their activity outside the European Union enjoy recognised prestige in the international community.

At any event, the ROVI Group considers that the main risk affecting the organisation in relation to human rights comes from possible non-compliance in this respect on the part of a supplier.

Additionally, in the Crime Prevention Model, the possible existence of risks related to (i) criminal offences against foreign citizens; and (ii) the offence of human trafficking, was analysed and it was concluded that these risks do not currently exist within the ROVI Group's organisation.

#### **5.2.- Policies and commitments**

As may be seen from the Code of Ethics, ROVI is committed to actively supporting the Universal Declaration of Human Rights and requires its employees to comply with the principles thereof in the course of the Group's day-to-day activity. The Company combats practices contrary to human dignity and strives to prevent workplace discrimination.

ROVI upholds, by adopting and communicating it, the inclusion of the principles of the United Nations Global Compact, as well as other international instruments, especially in the spheres of human rights, workplace practices, the environment and the fight against corruption.

Additionally, the ROVI Group has a Code of Ethics for Suppliers, which establishes that all suppliers must respect the protection of fundamental human and labour rights recognised internationally. Specifically, the Code of Ethics for Suppliers requires all suppliers to comply with the following principles:

- Elimination of forced labour.
- Elimination of child labour.
- Respect for the right of association and collective bargaining.
- Equal opportunities and non-discrimination.
- The supplier must provide a fair work environment, free of any kind of violence.
- Respect for current legislation on working hours and remuneration.

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### **5.3.- Results of application of the policies**

- Human rights due diligence procedures, prevention of the risk of violation of human rights and, where applicable, measures to mitigate, manage and provide reparation for any abuses committed.

The ROVI Group applies the Collective Agreement of the Chemical Industry in all its business in Spain, likewise complying with the labour legislation in force at any given moment in all the territories where it operates. Additionally, it has the following procedures and measures in place:

- The ROVI Group has an Ethics Channel through which all employees must communicate any situation that may represent a breach of (i) current legislation; (ii) the standards and codes to which the ROVI Group has adhered voluntarily, (iii) the Group's internal policies, (iv) the Crime Prevention Model, or (vi) accounting and financial standards. Said Ethics Channel has Regulations that were approved by the Board of Directors on 7 November, 2017 and is managed by a Management Committee. Likewise, the Compliance Department reports periodically to the Compliance Committee, the Audit Committee and the Board of Directors on the communications received through the Ethics Channel.
- The Group has a Protocol on Moral and Sexual Harassment.
- The workers have legal representatives at the Julián Camarillo, San Sebastián de los Reyes and Alcalá de Henares work centres.

- Number of reports of human rights violations

No reports have been received in relation to human rights violations.

- Description of the measures implemented for promotion of and compliance with the rules of the fundamental conventions of the International Labour Organisation related to respect for freedom of association and the right to collective bargaining; the elimination of discrimination in respect of employment and occupation; the abolition of forced or compulsory labour; the effective abolition of child labour:

We refer to the contents of the first point of this section "Human rights due diligence procedures, prevention of the risk of violation of human rights and, where applicable, measures to mitigate, manage and provide reparation for any abuses committed".

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### **6. CORRUPTION AND BRIBERY**

#### **6.1.- Principal risks**

The ROVI Group has a Crime Prevention Model in which the risks related to corruption and bribery are analysed. The main risks observed in this respect are:

1. Relations with public authorities and/or political office-holders, both national and foreign, for any reason related to the Group's activities; for example: (i) receipt and processing of inspections on the part of the authorities, (ii) obtaining authorisations and licences related to the Group's activities, (iii) subscription and signature of public contracts (medicine supply), (iv) relations with health professionals, and (v) applications for subsidies and European public funds.
2. Management of the processes for contracting works and services with third parties, related to the activities carried on by the ROVI Group.
3. Signature of donation and sponsorship agreements with public or private entities.

These risks were identified within the framework of the analysis of crime risks performed in accordance with article 31 bis of the Spanish Criminal Code, which requires "*identification of the activities in the sphere of which the offences that must be prevented may be committed*". The risk assessment was prepared by an external consultant and approved by the Audit Committee and Board of Directors and is reviewed annually by the ROVI Group's Compliance Department with the help of an external consultant.

#### **6.2.- Policies and commitments**

To detect and prevent the risks of corruption and bribery, the ROVI Group has the following policies and procedures in place:

- ROVI's Code of Ethics (the update of which was approved by the Board of Directors on 19 February, 2018) sets out ROVI's commitment to fight against corruption and bribery. Specifically, the Code of Ethics expressly rejects any practice that includes bribery and corruption as a way to obtain a decision in favour of ROVI Group companies and any practice intended to do business using improper means is prohibited. Likewise, the Code of Ethics prohibits any ROVI employee from offering a third party any kind of benefit intended to influence, or given with the intention of unlawfully influencing, said person's capacity to adopt objective and lawful business decisions. Likewise, ROVI employees are expressly prohibited from accepting any form of corruption or bribery that may be offered by a third party.
- The Group has an Anti-Bribery Policy (the update of which was approved by the Board of Directors on 19 February, 2018) that prohibits: (i) any form of bribery, (ii) corruption between private individuals, and (iii) influence peddling, and in which the guidelines for action and the precautions that all ROVI Group employees should adopt to prevent and mitigate the risks related to corruption and bribery are set out. Said Policy also includes the rules on courtesies, gifts and hospitality.
- The ROVI Group's medicine marketing activity is subject to the Code of Good Practice for the Pharmaceutical Industry (CBPIF), which means that all relations with health professionals must apply the content of said Code.

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**6.3.- Results of application of the policies**

- Anti-corruption and anti-bribery measures

In addition to the policies described in the preceding section, the Group has the following measures in place:

- The Group has entrusted the management and supervision of crime risks to the Audit Committee, which, in turn, has delegated the ordinary management of said risks to a Compliance Committee that advises the Group on these matters and the Compliance Department. Both the Compliance Committee and the Compliance Department have a charter that governs their operation and in which their obligations in this respect are described.
- The ROVI Group has a Practice Surveillance Department the purpose of which is to monitor compliance with the Code of Good Practice for the Pharmaceutical Industry. Likewise, the Group is audited in this respect by an independent auditor on a quarterly basis.
- The ROVI Group has an Ethics Channel through which all employees must notify any situation that may represent a breach of i) current legislation; (ii) the standards and codes to which the ROVI Group has adhered voluntarily, (iii) the Group's internal policies, (iv) the Crime Prevention Model, or (vi) accounting and financial standards. Said Ethics Channel has Regulations that were approved by the Board of Directors on November 7, 2017 and is managed by a Management Committee. Likewise, the Compliance Department reports periodically to the Compliance Committee, the Audit Committee and the Board of Directors on the communications received through the Ethics Channel.
- The Crime Prevention Model is reviewed annually by an external consultant, who verifies its degree of efficacy and suggests recommendations and improvements.
- The ROVI Group has a procedure for contract approval, which includes, among other items, a review by the following departments: Legal, Intellectual and Industrial Property, and Compliance.
- The Group has a payment policy and a policy for per diem allowances and other expenses.

- Anti-money laundering measures

ROVI is considered a NON-obligated entity in the terms of article 2 of Spanish Law 10/2010 on the Prevention of Money Laundering and Terrorist Financing.

However, ROVI has procedures in place to combat money laundering. All of them are listed below:

- The registration process for any new Group supplier requires submission of the following documentation: (i) Spanish tax identification card or tax residency card for foreign suppliers, and (ii) bank account-holder's certificate. Additionally, a supplier registration form must be completed with other information.
- The registration of a new customer requires submission of the following documentation: (i) completion of the new customer template, in which the following information is requested: corporate name, registered address, contact details and bank details, (ii) copy of tax identification number or equivalent document, (iii) in the case of customers of the medicine marketing area, a copy of the authorisation as a pharmaceutical product distributor is likewise requested.

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- All payments are processed in SAP (our ERP). No payments are made outside SAP and the customer / supplier is only registered in SAP if the aforementioned documentation has been provided.
  - There is a supplier selection policy that includes a list of the criteria used to select each type of supplier. It provides for an initial evaluation and another periodic evaluation. It is used to draw up a list of approved suppliers kept by the Quality Department.
  - Supplier engagement and payment policy: (i) suppliers with an annual volume of over 100,000 euros, always have a duly signed contract, (ii) it regulates how invoices should be sent and recorded, and (iii) the means of payment accepted.
  - Policy for reimbursement of expenses and payment of per diem allowances: (i) ROVI only reimburses the following expenses: Transport, Accommodation, Food (per diem) and others: Photocopies / Paper / Envelopes / Couriers / Toner / Ink; Books / Publications; Projector Hire; Professional Association Fees; Courses / Training; Exchange Rate Adjustments. The reimbursement of expenses is preceded by the pertinent expense note, which must be accompanied by the documentary support of the expenses (invoices, etc.). Employees must settle the expenses incurred in providing their services preferably with the corporate credit card and must minimise cash payments.
  - The ROVI Group accepts the following means of payment for collections:
    - Transfers - 61%
    - Direct debits - 38%
    - Cheque, promissory notes - 1%
    - Cash and point-of-sale terminals (only in the business of Panquímica – it represents roughly 5% of the total collections of Panquímica and 0.5% of the group total).
  - The ROVI Group accepts the following means of payment for payments:
    - “Confirming”
    - Bank transfers
    - Direct debits
    - Nominative cheques: only for payments of conferences to health professionals. The average invoice for speakers is €500.
- Donations to foundations and non-profit organisations

The ROVI Group has a Donation Management Procedure that describes the process to be followed to approve a donation. As part of this procedure, the Group has appointed a Donations Committee, which evaluates and, if appropriate, approves or rejects the Group's donation requests. This procedure came into force in July 2018 and was amended on 6 November, 2019.

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### **7. INFORMATION ABOUT THE SOCIETY**

#### **7.1.- Commitment to sustainable development**

ROVI carries on its activity at different work centres located in Madrid, Alcalá de Henares, Pozuelo de Alarcón and San Sebastián de los Reyes (Region of Madrid) and in Granada (Andalusia). It also has an extensive sales network deployed throughout Spanish territory and composed of more than 250 people. It has opened subsidiaries in Germany, France, Italy, Poland, Portugal and the United Kingdom. From these subsidiaries, ROVI contributes to local development by creating and maintaining stable, high-quality employment, where 53% of its employees hold a university degree. In 2019, ROVI's growth continued along an upward path, as may be seen from the employee data shown in Section 4.1 Employment in this report. Recently, it has announced the future construction of a new production centre in the province of Granada, which will mean new jobs will be created for qualified workers.

Aware of the need to contribute, as a company, to the economic and social development of the areas where it is present, ROVI carries out a large variety of activities locally, seeking the general goals of actively contributing to social progress, promoting health, fomenting research, a commitment to training and environmental protection. Some of the actions taken in 2019 are listed below:

##### Social protection and integration

- Fundación Manantial, with which ROVI has started an employment program at the Alcalá de Henares plant for people with mental illnesses.
- Down Granada works helping young people in Granada with Down's Syndrome to enter the labour market in local companies and has co-operated with ROVI in training one of its young women to perform administrative tasks at the plant in the Health Technology Park (Granada).
- Fundación Prodis, with which ROVI has expanded its employment program for young people with intellectual disabilities through a recruit at the Pozuelo offices (Madrid).
- Granada Red Cross, with which ROVI co-operates on its assistance and protection projects for children and elderly people in the province of Granada.
- Proyecto Hombre Granada, through the Capacitics program, aimed to train mothers, fathers and education professionals as instructors in the use of ICT by young people and adolescents.

##### Persons with disabilities

- Fundación Prodis, whose employment centre has carried out various printing jobs for ROVI, such as T-shirts, caps, etc. In 2019, Prodis designed 1,300 reusable bottles that were distributed to ROVI employees to encourage a reduction in single-use plastics during the #PlásticosCero. Campaign.
- ISS Facility Services (Gelim), which provides cleaning services at ROVI's offices.
- Ilunion, which provides laundry services for plant clothing.
- Fundación También, with which ROVI co-operates to organise corporate volunteering (see below) and to purchase material for adaptive skiing in Sierra Nevada (Granada).
- Fundación Deporte & Desafío, which ROVI supports in training ski monitors for adaptive skiing, as well as the skiing training course for people with disabilities that takes place every year in Sierra Nevada (Granada).

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### Knowledge sharing

- TedxTalks Realejo, a local conference event the topics of which focus on innovation and entrepreneurship, based on different types of personal experiences. On 25 May, 2019, the first edition of these talks was held in Granada and was sponsored by ROVI.
- IV OCARE Prizes (Observatory of Corporate Responsibility Communication and Action), which recognized the best communication campaigns by companies in the CSR area and that, for a further year, was sponsored by ROVI.

### Corporate volunteering and charity races

Through many of these foundations, the corporate volunteering activities available have expanded, so that ROVI employees can get to know the world of disability first-hand, thanks to our inclusive sports events, such as the Adaptive Skiing Campus in Sierra Nevada (Granada), the Adaptive Descent of the River Sella (Asturias), the VIII "Madrid También Solidario" Sponsored Race, the adaptive cycling route through the Anillo Verde (Green Ring) in Madrid or the Multisports Day (Madrid)

In 2019, ROVI began to co-operate with Apadis, an association of relatives of people with intellectual disabilities in San Sebastián de los Reyes, by organizing a corporate volunteering activity in which a group of employees and their families, together with volunteers from the foundation, painted the entrance hall of its occupational centre in San Sebastián de los Reyes.

Additionally, in line with the promotion of a healthy lifestyle and the practice of sports, during 2019 ROVI continued to co-operate with charity races and emblematic events, such as:

- VII Charity Race for Mental Health, of Fundación Manantial (17 February), Madrid.
- II Medicusmundi Charity Race, of Medicusmundi Sur (1 June), Granada.
- "Crossing the Line" Race, of the Granada Red Cross (20 October), Granada.
- 8<sup>th</sup> "Madrid También Solidario" Race, of Fundación También (28 October), Madrid.
- XX Carrera de las Empresa ("Companies Race") of Actualidad Económica (15 December), Madrid.

In 2019, 121 ROVI employees took part in one of the activities programmed by the CSR area. 16.5% of them participated in two or more volunteering activities during 2019.

### Donations Committee

During 2019, ROVI continued the work of the Donations Committee, which channels the requests for co-operation that ROVI receives from healthcare organisations and social or humanitarian entities. Its mission is to review each application and check that it complies with current legislation, the Code of Good Practices of the Pharmaceutical Industry and ROVI's Code of Ethics. From among the social and humanitarian proposals approved by the Donations Committee in 2019, the following may be highlighted:

- International co-operation
  - Fundación Recover, cooperating with its programs to improve healthcare in Africa.

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- Fundación para el Desarrollo Integral de los Pueblos, with which ROVI co-operates in the acquisition of teaching and educational material for schools in Callao (Peru).

### - Social Protection

- Fundación La Sal de la Tierra (Alcalá de Henares), by donating industrial kitchen material that it has reused for the soup kitchens they have in Alcalá de Henares, Alicante and Vigo.
- Fundación Pilares, whose purpose is guidance and assistance for people who are highly dependent on others.
- Club Deportivo Elemental Entrevías-El Pozo, non-profit club the purpose of which is to promote sport and the participation in sports competitions among children and adolescents at risk of social exclusion.

### Commitment to research

ROVI is fully committed to supporting medical research and uses a significant part of its resources to promote it. Although, on occasions, the economic circumstances are particularly difficult, it is up to all of us to prioritize research and development in order to respond to the huge challenges that exist in health matters. Therefore, over recent years, it has been carrying on intensive research activity to foment the prevention and knowledge of certain diseases, in order to improve patient health and quality of life.

At the same time, ROVI strongly supports collaborative research and is aware that the formation of research consortia is, today, needed and required by the "knowledge society". Therefore, it has, for years, endeavoured to hold co-operation agreements with other leading benchmark companies in the sector, biotechnological companies, spin-offs, Universities and Public Research Centres, thus reflecting its commitment to creating a dynamic ecosystem of knowledge excellence at national, inter-institutional and multidisciplinary level.

This research work is reflected in the support received by the Company's main research lines from important national entities, such as the Industrial Technological Development Centre (CDTI) and the Technological Corporation of Andalusia (CTA), both of which made several visits to evaluate and monitor projects during 2019.

The Company likewise co-operates with scientific societies of different types in supporting the health professionals' quest for innovation. An example is the SEFH/ROVI Hospital Pharmacy Development awards, which have been awarded jointly with the Spanish Hospital Pharmacy Society (SEFH) for the last three years and which recognise projects that represent the contribution of innovative and beneficial solutions for patient well-being and quality of life.

### Commitment to training

In order for qualified students to enter a work environment and improve their skills, knowledge and experience, the Company has a training programme underway in the organisation. In this respect, there are co-operation agreements with 73 educational centres (universities, institutes, centres imparting official training programmes and business schools) all over Spain. This practical training helps students to start their working life in a professional work environment. In 2019, ROVI awarded scholarships to 45 people, 11 of whom obtained an employment contract with the Company before their scholarship had ended.

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### **7.2.- Subcontracting and suppliers**

The Group's General Corporate Social Responsibility Policy establishes a course of action in relation to suppliers that allows them to find in ROVI a partner for mutual benefit. It is indispensable to ensure a supply chain that respects the principles of corporate social responsibility assumed by the ROVI Group. For this reason, ROVI undertakes to promote CSR-related values among its suppliers and subcontractors of goods and services.

Suppliers are a group of strategic interest in relation to ROVI's activities. For this reason, it has put in place a series of specific action principles aligned with the company's principles and values and intended to reinforce the sustainability and competitive edge of the value chain.

As stated in preceding sections, the ROVI Group has a Code of Ethics for Suppliers, which establishes that all suppliers must respect the protection of fundamental human and labour rights recognised internationally. Specifically, the Code of Ethics for Suppliers requires all suppliers to comply with the following principles:

- Abolition of forced labour.
- Abolition of child labour.
- Respect for the right of association and collective bargaining.
- Equal opportunities and non-discrimination.
- The supplier must provide a fair work environment, free of any kind of violence.
- Respect for current legislation on working hours and remuneration.

In the same way as ROVI maintains a constant focus on equal opportunities, occupational safety or care of the environment, it invites all its suppliers to guarantee these factors and to declare their commitment to basic principles of ethics and professional conduct. To do this, in the same way as ROVI develops them internally, it tries to involve suppliers and subcontractors in the adoption of the best corporate social responsibility practices in order to regulate their activities in accordance with the standards included in the certifications SA-8000, SGE-21 or similar.

Attention should be drawn to the fact that, as stated above, more than 90% of the ROVI Group's suppliers operate in countries belonging to the European Union, while those that carry on their activity outside the European Union operate in countries that enjoy recognised prestige in the International Community, meaning that supplier non-compliance in respect of Human Rights is considered limited and under control.

Additionally, regarding the environment, as mentioned above, ROVI is committed to making a joint effort with its suppliers and contractors to minimise the impact of their activities on the environment and the risks derived for both their safety and health and that of their workers.

ROVI has a supplier selection and monitoring policy that includes a list of the criteria used to select each type of supplier. The procedure provides for an initial evaluation and another periodic evaluation. It is used to draw up a list of approved suppliers, kept by the Quality Department.

There is also a Supplier Engagement and Payment Policy, in order to establish a framework for relations with suppliers and creditors that is shared by the whole organisation. It sets out the following: (i) suppliers with an annual volume of over 100,000 euros must always have a duly signed contract, (ii) it regulates how invoices should be sent and recorded, and (iii) the means of payment accepted.

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Additionally, on-site audits are conducted to check that suppliers operate in accordance with national and local regulations, there are no important breaches in respect of workplace safety and there are no practices that violate the workers' rights. Among other aspects, the auditors ensure that a safe working environment is provided, environmental legislation is respected and employees are not subject to abuse or discrimination.

To complement the foregoing, due to the continuous revision and improvement of ROVI's tax policies regarding tax evasion and the prevention of money-laundering, the internal procedure concerning double taxation continues to be updated and distributed. In 2019, internal training was given to company employees who deal with local and foreign suppliers, in order to inform them on the importance of the residency certificate in relation to the Double Taxation Treaty and avoid running any tax risks.

Lastly, in 2019, due to a merger by absorption process in our company group Laboratorios Farmacéuticos ROVI and subsidiaries, a Communication and Transparency Policy was implemented vis-à-vis our suppliers. Thus, communications with full tax information on the merger were sent, both electronically and, for the less digitalized companies, on paper, giving them guidance so that they could update the master data of our companies in their systems and providing several telephone lines to resolve any queries on invoicing or orders.

### **7.3.- Consumers**

Given their nature, products intended to improve patient health, medicines and healthcare products, require the instructions of a health professional for their administration or final use. The health professional determines the best therapeutic approach for a specific patient. Thus, prescription medicines and healthcare products are those that reach patients on the instructions of a doctor, using a prescription, irrespective of whether they are dispensed in a pharmacy or administered at health centres. There is, furthermore, a third category: non-prescription pharmaceuticals (OTC), which do not need a medical prescription but are obtained through pharmacies on the recommendation of the pharmacist.

Most of ROVI's medicines and health products fall within the category of prescription products, which means they reach the patients because they have been prescribed by a health professional. Therefore, ROVI's "consumers" can be divided into three broad groups:

- Customers, mainly wholesalers, who then distribute to pharmacies, but to whom service must be given.
- Patients
- Professionals: doctors, nursing staff or pharmacists.

#### Data privacy

The ROVI Group is under the obligation to protect the personal information of customers, patients and professionals. This commitment has materialised in the adoption of a number of measures and the implementation of different procedures intended to ensure the integrity, confidentiality and availability of the data that are processed, as well as safeguarding people's rights and freedoms.

Within the framework of this process of adapting to the European regulations, ROVI, determined to comply with data processing principles and the obligations under the new legislation, has appointed a Data Protection Officer, whose functions include advising the Group on compliance with the new regulatory framework.

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In relation to patient information, the ROVI Group has specific procedures that regulate personal data processing in both the pharmacovigilance area and the area of clinical processes. The procedures set out range from how to comply with information obligations, taking account of the recommendations of the Spanish Medicines Agency set out in the *Guide for correct preparation of a patient information sheet and informed consent form*, to exercising the rights of data subjects and the response thereto. Furthermore, the personal data processing procedure in pharmacovigilance includes the case where the notifier of an adverse reaction to a medicine is a health professional or a person other than the patient, in order to ensure the proper processing of the personal data of any data subject; and the data processing procedure for clinical processes regulates not only the processing of the data of the patients participating in clinical trials, but the processing of the data of all data subjects, including the trial personnel.

In relation to professionals, the ROVI Group has carried out an in-depth revision and updating of its privacy policies to ensure fair, transparent and lawful processing of personal information in its inter-relations with them, in order to foster an improvement of attention to patients, establishing correctly the lawful bases of the processes and the mechanisms necessary to obtain consent to the data processing that is based thereon.

In relation to customers, since almost all of them are legal persons and, therefore, their data are excluded from the scope of application of personal data protection legislation, the ROVI Group applies current legislation to ensure the security of the data of its employees and other third parties whose data must be processed in order to implement the contractual relationship and avoid any alteration, loss, or unauthorised processing or access to said data.

### Health and safety measures for patients and professionals

Customers, including potential customers, health professionals and patients, are the basis of the business and, therefore, ROVI assumes the following commitments:

- a) To bet on innovative drugs as a growth engine for ROVI.
- b) To place special importance on the protection of the health and safety of customers and patients throughout the products' life cycles through strict compliance with the applicable legislation.
- c) To observe due confidentiality in processing their data.
- d) To manage and solve their queries and complaints in the shortest period possible.
- e) To monitor the customer's experience through surveys that measure their satisfaction and other means and systems that allow us to actively and permanently listen to the customer in all the processes and operations in which the latter interacts with the Company.
- f) To have appropriate and efficient communication channels, using the most suitable means to do so.
- g) To observe and comply with the rules that govern communication and marketing activities and assume the voluntary codes that ensure the transparency and veracity of such actions.

Guaranteeing the quality, safety and efficacy of the products that the Company places in the market is the main goal of ROVI and all the people who form part of it. In this respect, all the Group companies have procedures in place that define the verifications performed in all phases of the processes, including product research and development, the receipt of raw materials and packaging materials, production, storage and distribution, until the products are consumed by the customers.

The standards in place fully meet the Company's internal requirements and also the external requirements imposed by the regulatory bodies for the different products on ROVI's portfolio.

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In order to assess the compliance of these procedures, internal audits are performed periodically at all the Group's facilities. Furthermore, there are annual management reviews, which analyse the main points where our organisations have room for improvement.

In addition, the quality audits by external entities show the commitment to continuing improvement and maintaining high quality standards.

Moreover, in accordance with the frequency stipulated in the legislation applicable to the products, all Group companies, both in Spain and in the countries to which our products are exported, are inspected by the health authorities.

ROVI likewise has a Pharmacovigilance System in place, which allows any possible adverse reactions (any harmful and unintended response to a medicine) that arise to ROVI's medicines and healthcare products to be detected. This system means that, if an adverse reaction is notified, the Pharmacovigilance Department analyses whether it could be due to a quality and/or safety problem, thus initiating the process of sign detection that ROVI has implemented, which allows any change in the benefit/risk balance of ROVI's medicines to be detected.

The Pharmacovigilance System allows constant monitoring of the safety of the medicines, evaluating the safety information received through different channels, such as, for example, spontaneous notifications from patients and health professionals, health authorities, or scientific studies or publications.

ROVI's Pharmacovigilance Department has a communication channel in place by e-mail ([farmacovigilancia@rovi.es](mailto:farmacovigilancia@rovi.es)) or telephone [(+34) 91 021 30 00], both of which may be accessed through the Company's website ([www.rovi.es](http://www.rovi.es)).

#### Complaints system: complaints received and solution thereto

When any customer or health professional contacts ROVI to notify a claim or complaint, the Company immediately opens an enquiry in order to identify the cause and prevent any repetition. These enquiries may involve several departments and may also include suppliers and/or subcontractors. The efficacy of these actions is analysed annually in the review that ROVI management conducts of the system.

Any request for information made by a customer/health professional and/or customer is considered a query. Depending on its content, it is handled by one department or another (Quality, Pharmacovigilance or Medical Science Liaison), both in Spain and in the subsidiaries.

In the event that, while a complaint is being studied, a possible risk for the patient and/or health professional is observed, the Quality Department informs Pharmacovigilance, so that the case can be handled correctly (see previous section).

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The data on complaints and queries made by customers in ROVI's distribution business are shown below:

		Lab. Fcos. Rovi	Pan Química	Lab. Fcos. Rovi establ. Permanente Portugal	Rovi GmbH (Alemania)	Rovi Biotech Limited (Reino Unido)	Rovi Biotech, S.R.L (Italia)	Rovi S.A.S (Francia)	TOTAL DISTRIBUTION
<b>GENERAL</b>	Units manufactured / Units distribut.	17,343,883	27,513	57,932	603,395	144,641	1,998,454	0	<b>20,175,818</b>
<b>CUSTOMER COMPLAINTS</b>	No. of customer complaints	100	0	11	118	11	12	0	<b>252</b>
	Complaints / million units	5.77	0.00	189.88	0.00	76.05	2.00	0.00	<b>12.09</b>
<b>CUSTOMER QUERIES - QUALITY + THERAPEUTIC -</b>	No. of customer queries	340	0	37	247	19	2	0	<b>645</b>
	Queries / million units	19.60	0.00	638.68	409.35	131.36	1.00	0.00	<b>31.97</b>

### 7.4.- Tax information

ROVI has a corporate tax policy that sets out how tax matters should be managed by applying good tax practices and acting with transparency, paying taxes responsibly and efficiently, and promoting co-operative relations with governments, endeavouring to prevent significant risks and unnecessary conflicts.

To support its tax practices, ROVI has engaged the services of an external tax advisor, who keeps the Group updated on new developments in this field and advises on any doubts that may arise. Additionally, the tax advisor reviews the preparation and filing of the different taxes as well as the Group's decision-making on tax matters.

In general, ROVI pays special attention to compliance with the tax obligations applicable in accordance with the territory in which it is operating. Specifically, the following information is provided on taxation in fiscal year 2019 by country or company:

<u>In thousand euros</u>	Profit before tax	Corporate income tax paid	Government grants received
Laboratorios Farmacéuticos Rovi, S.A.	25,456	(8,085)	1,151
Laboratorios Farmacéuticos Rovi, S.A. Portugal permanent establishment	44	(15)	-
Laboratorios Farmacéuticos Rovi, S.A. Poland permanent establishment	(58)	-	-
Laboratorios Farmacéuticos Rovi, S.A. Germany permanent establishment	270	-	-
Rovi Pharma Industrial Services, S.A. (*)	33,131	-	-
Pan Química Farmacéutica, S.A. (*)	602	-	-
Gineladius, S.L. (*)	(42)	-	-
Rovi Escúzar, S.L.	(19)	-	-
Bertex Pharma GmbH	(2)	-	-
Rovi Biotech, Limited	24	-	-
Rovi Biotech, S.R.L.	390	(29)	-
Rovi Biotech, GmbH	412	-	-
Rovi S.A.S.	(581)	-	-
Rovi Biotech spółka z o.o	(24)	-	-
Rovi Biotech, Ltda.	-	-	-
<b>TOTAL</b>		<b>(8,129)</b>	<b>1,151</b>

(\*) These companies form part of tax group 362/07 of which Laboratorios Farmacéuticos Rovi, S.A. is the parent.

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