

# Governance



Chairman's Introduction	47
Board of Directors	48
Governance	50
Nomination Committee Report	56
Audit and Risk Committee Report	60
Remuneration Committee Report	65
ESG Committee Report	76
Task Force on Climate-related Financial Disclosures (TCFD)	78
Directors' Report	80

## Chairman's Introduction



**“Good governance practice continues to remain a priority for the Board as we continue to work together to deliver value to our shareholders”**

### Dear shareholders and colleagues,

A warm welcome to this year's report on governance where I as your Chairman provide an overview of the Group's governance arrangements. The Board believes governance is central to delivering on our strategy and helps ensure the successful operation of our business.

Last year, in adapting to life with the pandemic, we were able to build a stronger, more connected, and resilient business. As we all settle into a world where the pandemic seems to be very much a part of life, the business likewise has adapted and responded to support its customers, suppliers, employees and shareholders. The safety, health, and wellbeing of our employees continues to be of paramount importance and we have further improved our technology and infrastructure to provide safe ways of working, thereby keeping disruption to a minimum.

Following the acquisition of Biogix Inc., the business has worked hard on integration and continues to build strong foundations to ensure it can grow its Consumer Healthcare portfolio.

In April 2021, Nigel Clifford resigned from the Board and, following a rigorous search and recruitment process, we were pleased to welcome Kristof Neiryck as a Non-executive Director on 1 December 2021.

Kristof brings with him his experience in international Consumer Healthcare, Marketing, Digital Transformation and Innovation. Further information about Kristof can be found in his biography on page 49.

As a company admitted to AIM, our governance is underpinned by the Quoted Companies Alliance (QCA) Corporate Governance Code 2018 (the 'QCA Code'). During the year, we have complied with the principles of the QCA Code and details of how we have done so can be found in the governance section of the Company's website.

The sustainability agenda continues to be progressed by the business with oversight from the newly formed ESG Committee. You can read more about the work of the Committee on page 76.

This year's AGM will be held at 10.00am on 18 May 2022. Further details can be found in the Notice of AGM accompanying this Report.

The Board would like to thank all shareholders and colleagues for their continued support, and we look forward to continuing with our good work during 2022.

**David Cook**  
Chairman

30 March 2022

## Board of Directors

### Committee Membership Key

■ Audit and Risk Committee
 ■ Nomination Committee
 ■ Remuneration Committee
 ■ ESG Committee
 C Committee Chair



**David Cook**  
**Independent Non-executive Chairman**  
 Date joined

David joined the Board of Alliance as a Non-executive Director in 2014 and was appointed Chairman of the Board on 1 March 2018.

### Qualifications

David graduated in Chemistry at the University of Oxford and is a Chartered Accountant.

### Experience

He is currently Chief Financial Officer and an Executive Director of Ellipses Pharma, an international cancer drug development company, and was previously Chief Financial Officer and Chief Business Officer of Biotie Therapies Corp, a drug development company quoted in Helsinki and on NASDAQ. He has previously held senior financial positions with Jazz Pharmaceuticals International, EUSA Pharma and Zeneus Pharma.

David has extensive experience of financial and general business management (including the implementation of buy and build strategies) in the life sciences sector, of financing those businesses and managing investor relations across a number of stock markets globally.



**Peter Butterfield**  
**Chief Executive Officer**

Peter was previously the Company's Deputy Chief Executive Officer and was appointed to his present office as Chief Executive Officer on 1 May 2018 having joined Alliance in 2010 as an Executive Director.

Peter holds an honours degree in Pharmacology from the University of Edinburgh.

Peter has over 20 years' experience in the life sciences sector and strong leadership experience gained in a variety of contexts. Peter joined the Board of Alliance in 2010 with the acquisition of Cambridge Laboratories where he spent five years, latterly as UK Commercial Director. Prior to joining Cambridge Laboratories, Peter spent six years at GlaxoSmithKline in a variety of marketing and sales roles.



**Andrew Franklin**  
**Chief Financial Officer**

Andrew joined Alliance in September 2015 from Panasonic Europe Ltd, where he was General Manager, European Tax and Accounting.

Andrew holds an honours degree in Civil Engineering from the University of Wales, Cardiff.

From 2010 to 2012 Andrew was Finance Director and Company Secretary of Genzyme Therapeutics Ltd, the UK and Ireland subsidiary of Genzyme Corporation. Prior to that, he gained 12 years' pharmaceutical experience with Wyeth in a variety of senior financial positions.

Andrew is a Fellow of the Institute of Chartered Accountants in England and Wales with extensive experience of financial management of international businesses, including significant prior experience in life sciences companies.

### Committee membership

■ C ■ ■ View the Nomination Committee Report on **page 56**

■ ■ ■ ■ View the ESG Committee Report on **page 76**

## Board of Directors continued

## Committee Membership Key

 Audit and Risk Committee  Nomination Committee  Remuneration Committee  ESG Committee  Committee Chair



**Jo LeCouilliard**  
Independent Non-executive Director  
Date joined

Jo joined Alliance as a Non-executive Director on 1 January 2019.

## Qualifications

Jo graduated in Natural Sciences from Cambridge University and is a Chartered Accountant.

## Experience

Jo has 25 years' healthcare management experience gained in Europe, the US and Asia. Much of her career has been in pharmaceuticals at GlaxoSmithKline where, amongst other roles, she headed the US vaccines business and Asia Pacific Pharmaceuticals business and led a programme to modernise the commercial model. She was previously Chief Operating Officer at the BMI group of private hospitals in the UK. She was Non-executive Director at Frimley Park NHS Foundation Trust in the UK, Duke NUS Medical School in Singapore and Cello Health plc.

She is currently a Non-Executive Director at UK listed company Circassia Group plc and is also on the Board of Recordati S.p.a and Indivior PLC.



**Richard Jones**  
Independent Non-executive Director

Richard joined Alliance as a Non-executive Director on 1 January 2019.

Richard has a degree in Engineering from Newcastle University and is a Chartered Accountant.

Richard is Chief Financial Officer at Medica Group PLC, the UK's leading teleradiology provider. Prior to this, he was CFO and a Board member of US listed Mereo BioPharma Group PLC, a biopharma company developing a range of products in bone, endocrine and respiratory therapies with a focus on rare diseases.

Richard joined Mereo from UK AIM listed Shield Therapeutics plc where he was CFO and Company Secretary from early 2011 having initially joined the Board as a Non-executive Director in 2010. At Shield he had a leading role establishing the finance operations and guiding Shield through its 2016 IPO.

He has a background in investment banking, having held senior positions at Investec and Brewin Dolphin Securities, where he advised healthcare clients on a wide range of transactions including IPOs, M&A and fundraisings.



**Kristof Neiryck**  
Independent Non-executive Director

Kristof joined Alliance as an Independent Non-executive Director on 1 December 2021.





He graduated as a Master of Science in Electronic Engineering from the University of Ghent, Belgium.

Kristof joined the Board on 1 December 2021. He is global Chief Marketing Officer at Avon Cosmetics and brings 20 years of experience in General Management, Marketing, Digital Transformation, and Innovation, having carried out roles in Fast Moving Consumer Goods/Consumer Packaged Goods, Luxury and Retail sectors across multiple geographies. He is well versed in operating across an omnichannel model, combining bricks and mortar retail, e-commerce and direct to consumer experience.

Kristof joined Walgreens Boots Alliance in 2015 and in 2017 became their Chief Marketing Officer for their Global Brands division where he had responsibility for a \$4bn sales portfolio of more than 20 of their owned brands in Beauty and Consumer Healthcare. Prior to this, Kristof held leadership roles at P&G's Prestige, Laundry and Feminine Care global divisions, having started his career in 2002 at Procter & Gamble in Belgium before moving to Procter & Gamble International in Switzerland in 2004.

## Committee membership

     View the Remuneration Committee Report on page 65

    View the Audit and Risk Committee Report on page 60



## Governance

### Key activities of the Board and its Committees

Throughout the year the Board received regular updates on, and considered, strategy, the commercial and financial performance of the business, scientific affairs and operations, people and infrastructure and legal and governance. In addition to these standing items, other business considered by the Board and its Committees is set out below.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug*	Sep	Oct	Nov	Dec
<b>Strategic planning</b> Strategy planning, review of Group strategy, presentations from business and functions				■			■					■
<b>2022 Budget</b> Presentations and budget approval										■		
<b>Corporate development</b> Review of acquisition opportunities and integration of Biogix Inc.	■	■	■	■							■	■
<b>Business reviews</b> Mainland Europe, Asia Pacific, US, various product and brand reviews, brand protection, Great Place to Work	■	■	■	■	■	■	■		■	■	■	■
<b>Investor engagement and broker presentations</b> Full and half year results webcast presentations, analyst calls and investor road-shows, private client fund manager meetings, one-to-one calls and AGM, and presentations from brokers	■			■	■	■	■		■		■	
<b>Company results, trading statements and dividends</b> Annual Report and Accounts, dividend policy and declarations	■		■				■		■			
<b>Nomination Committee</b> Board composition and Committee membership, succession planning, NED recruitment, terms of reference, bonus proposal for 2022	■	■			■	■				■		
<b>Remuneration Committee</b> Review of salary proposals, 2020 corporate bonus awards, Company share option awards, 2021 corporate bonus scheme, objectives and targets, terms of reference	■		■						■	■	■	■
<b>Audit and Risk Committee</b> Key accounting estimates and judgements, significant accounting policies, annual audit process and fees, external auditor, internal audit, foreign currency and hedging, US accounting post acquisition of Biogix Inc., ERP accounting and accounting treatment of CMA investigation		■	■						■			■
<b>ESG Committee</b> 2021 and 2022 sustainability framework and initiative, investor engagement, disclosure and accounting metrics, carbon action plan and environmental strategy, corporate website disclosures, terms of reference					■				■			■
<b>Governance &amp; Legal</b> Includes the review of risk management framework, Board Effectiveness Review, Governance reporting, review of Articles of Association, AGM Notice, D&O insurance, litigation, Modern Slavery Statement, review of gender pay		■	■		■	■				■		■

\* Although there is no scheduled meeting in August, a management pack is circulated.

## Governance continued

### The role of the Board

The Board is responsible for the Group's vision, business model and strategy. Together, the Directors are responsible for providing effective leadership to promote the long-term success of the Company.

Each year the Board holds a two-day strategy planning meeting at which the SLT and other senior employees present their proposals. From this session, the Group's strategic plan and business model is agreed. The CEO is responsible for the implementation of the strategy and reports to the Board formally at a half year review. The strategy is communicated to all employees by the management teams through breakfast briefings and online presentations. Further information on how the Company delivers the strategy to promote long-term growth can be found on pages 17 to 22 and in its business model on page 16.

There is a formal list of matters reserved for the Board, which may only be amended by the Board and is available on our website. The Board's key responsibilities include:

- › maintaining the policy and decision-making process through which the strategy is implemented;
- › checking that necessary financial and human resources are in place to meet strategic aims;
- › providing entrepreneurial leadership within a framework of good governance and sound risk management;
- › monitoring performance against key financial and non-financial indicators;
- › responsibility for risk management and systems of internal control; and
- › setting values and standards in corporate governance matters.

### Corporate culture and business conduct

Our culture is underpinned by a clear set of values (PRAISE), which help guide decision-making at all levels in the business.

The Board expects the business to foster relationships and operate high standards of business conduct. The Board reviews and approves the Group's policies which have been implemented and communicated

internally and externally to those who are expected to adhere to them. For example, this includes policies on diversity and inclusion, the prevention of bribery and corruption, fair competition and anti-slavery and human trafficking. Further information about our policies can be found in 'Business Ethics' on our website.

### Engagement with shareholders

The Board and its Committees recognise that to meet its responsibilities to shareholders and other stakeholders, it is important to ensure effective engagement with, and encourage participation from, these parties. The Board factors the needs and concerns of all the Company's stakeholders into its discussions and decision-making, having been made aware of the needs, interests, and any impact of such decisions on the Company's stakeholders. Visibility and awareness are further increased through senior management who have collective responsibility for communicating and engaging with specific stakeholder groups. This includes making sure that the business as a whole upholds its values and monitors behaviour for acceptability.

Recently, the Company invested in its Investor Relations (IR) by appointing a new Head of IR and Corporate Communications.

Further information on our dialogues and engagement with shareholders and other stakeholders can be found on pages 34 and 53.

Throughout the year, the CEO and CFO meet with potential and existing investors and they feed back to the Board the key summary points from their meetings. In addition to these meetings, there were 57 scheduled meetings held as part of the Company's investor roadshows for the annual 2020 and half-year 2021 results.

The Board is provided with an analysis of the Company's investor base at each Board meeting and research notes by sell-side analysts are circulated to all Directors. Furthermore, analysts' notes, and brokers' briefings are received and considered by the Board in order to ensure, as far as possible, a clear and up-to-date understanding of investors' views. Information on investor sentiment is also provided to the Board by the Company's brokers and financial PR advisers.

## Governance continued

A list of the Company's major shareholders can be found in the investor section of our website, and a list of notifiable holdings can be found on page 80 of the Directors' Report. These are regularly updated following the formal notification of movements to the Company.

The Company further communicates with shareholders through its Annual Report and Accounts, half-year announcements, trading updates and at the Company's AGM. Such reports as well as other relevant announcements and related information are all available on the Group's website, [www.alliancepharmaceuticals.com](http://www.alliancepharmaceuticals.com). The website also offers a facility to sign up for email alert notifications of Company news and regulatory announcements.

### With employees

The Board receives regular updates on People and employee engagement at its meetings. This includes briefings following surveys, organisational structure and other positive initiatives to support health and wellbeing. From time to time, employees are invited to attend various Board and Committee meetings to present on key operational and strategic matters.

### The Board and its Committees

The Board currently comprises six Directors, being the Chairman, three further independent Non-executive Directors and two Executive Directors. Independence on the Board is reviewed and confirmed annually by the Nomination Committee.

### The Chairman

The Chairman, David Cook, has primary responsibility for leading the Board and facilitating the effective contribution of all members to meetings. He maintains a strong focus on governance to ensure good practice is embedded in the business with good flows in communication and reporting. He has regular dialogue with the CEO to ensure the business and the management team receives the support from the Board necessary to progress the strategy.

The Chairman also meets with the Non-executive Directors on their own at least once a year and further meets with them as part of the Board evaluation process. Shareholders have an opportunity to engage with the Chairman and the Board at the Company's AGM.

### The Chief Executive Officer (CEO)

The CEO, Peter Butterfield, is responsible for the day-to-day running of the business and implementation of the Group's strategy. He is supported by the SLT who have management responsibility for the business operations and support functions. Relevant matters are reported to the Board by the CEO and, as appropriate, the CFO and other members from the SLT.

### The Non-executive Directors

Non-executive Directors are required to commit the time necessary to fulfil their role. Their role is to:

- › Provide oversight and scrutiny of the performance of the Executive Directors;
- › Constructively challenge to help develop and execute on the agreed strategy;
- › Satisfy themselves as to the integrity of the financial reporting systems and the information they provide;
- › Satisfy themselves as to the robustness of the internal controls;
- › Ensure that the systems of risk management are robust and defensible; and

- › Review corporate performance and the reporting of such performance to shareholders.

Each of the Non-executive Directors sits on at least three of the Committees ensuring that between them they have a role in determining the pay and benefits of the Executive Directors and in the planning of Board succession, including the appointment and, if necessary, removal of Executive Directors. Three independent Non-executive Directors, all of whom have an accountancy qualification, sit on the Audit and Risk Committee, enabling them to review internal controls and financial reporting matters. They have a direct relationship with the external auditors.

Each Non-executive Director is appointed for an initial term of five years, subject to annual re-election by shareholders at the AGM. Their appointment term may be renewed by mutual agreement.

## Governance continued

### Stakeholder engagement and section 172

Engaging with the Company's stakeholders is well embedded in the business as we continue to look after our relationships with employees, customers and suppliers and consumers and the wider communities.

#### Promoting long-term success – s.172 Companies Act 2006

The powers and duties of the Directors are determined by legislation and the Company's Articles of Association. The Directors are aware and mindful of their duties and obligations under s.172 of the Companies Act 2006. Directors are required to act in good faith. Discussions give due consideration to the impact of decisions on the Group's strategy and values, stakeholders and the Directors are provided with written reports, market reviews, guidance, and presentations and briefings from both internal members of staff and external advisers as part of the process.

Decisions are taken with a view to promoting the success of the Group and having considered the likely and long-term consequences for stakeholders concerned.

Under s172 Companies Act 2006, a company's directors have a duty to discharge their responsibilities having regard to:

- a) the likely consequences of any decision in the long term
- b) the interests of the company's employees
- c) the need to foster the company's business relationships with suppliers, customers and others
- d) the impact of the company's operations on the community and the environment
- e) the desirability of the company maintaining a reputation for high standards of business conduct
- f) the need to act fairly as between members of the company

### Case study 1

#### Improving brand protection and distribution of products

During the year the Board receives regular updates on what the business is doing to protect its brands to ensure that opportunities are maximised to key geographical regions of the business. Plans put forward considered various stakeholder needs, including:

- › Investing in resources and the development of existing skills and expertise both in the UK and in APAC.
- › Maximising benefits and financial value to the business and shareholders.
- › Investing in the detection and prevention of counterfeit products to ensure product quality and consumer safety.
- › Reviewing and engaging key distribution partners and channels to protect the integrity of the supply of products to customers and consumers.

### Case study 2

#### ESG is very much at the heart of Board decisions

The Board continues to press forward with its focus on Sustainability, having established an ESG Committee at the beginning of 2021. A dialogue with key institutional shareholders formed part of a stakeholder engagement programme to ascertain and understand their views and approach. With a focus maintained on shareholders, people, customers and suppliers, and our impact on the wider community and planet, stakeholder needs are very much at the centre of a progressive strategy. During the year:

- › External consultants have been engaged to support, help and inform the development of our sustainability strategy and framework and broaden understanding.
- › An active dialogue was maintained with the investor community.
- › Feedback was provided to the Board following open workshops with employees to better understand their views on ESG and climate-related matters. These sessions led to the Sustainability Forum.
- › Engagement with the Remuneration Committee to ensure alignment with the Company's reward and benefits strategy.



## Governance continued

### Board

## 11 Board Meeting attendance – 91% attendance

Member	Role	Status	Attendance
David Cook	Chairman	Independent	11/11
Peter Butterfield	CEO	–	11/11
Andrew Franklin	CFO	–	11/11
Kristof Neiryneck*	NED	Independent	1/1
Jo LeCouilliard	NED	Independent	11/11
Nigel Clifford*	NED	Independent	4/4
Richard Jones	NED	Independent	10/11

\* Kristof Neiryneck joined the Board of Directors on 1 December 2021. Nigel Clifford resigned from the Board of Directors on 30 April 2021.

### Board Committees

The Board has delegated and empowered four Committees: a Remuneration Committee, a Nomination Committee, an Audit and Risk Committee and an ESG Committee. Each Committee has written terms of reference set by the Board, which are reviewed annually and are available on the Company's website.

Membership of each Committee is determined by the Board on the recommendation of the Nomination Committee. Executive Directors are only permitted to be members of the ESG Committee.

Each Committee Chair reports to the Board on the activities considered and determined by the relevant Committee. A summary of the Committees' responsibilities and their work during the year can be found in the reports from the Committees appearing later in this section.

### Board attendance, support and meeting management

#### Attendance schedule

In leading and controlling the Company, the Directors are expected to attend all meetings. The Board and its Committees meet regularly on scheduled dates. This includes a two-day strategy meeting in each year which is also attended by all senior executives of the Group, the purpose of which is to review progress in delivering agreed plans and to develop and settle the Group's business plans and long-term strategic targets and set the framework for the achievement of those goals.

The Board held 11 scheduled meetings, and three unscheduled meetings, during the year. Meetings follow a clear agenda, supported by written reports and presentations from both

internal members of staff as well as external advisers and consultants. Three unscheduled meetings of the Board were called to deal with non-routine business.

#### Meeting management

The Company Secretary is secretary to the Board and the Board's Committees. On behalf of the Chairman, the Company Secretary is responsible for ensuring that all Board and Committee meetings are conducted properly and that the Directors are properly briefed on any item of business to be discussed. He has a direct line into the Chairman on all matters relating to governance and is responsible for ensuring governance, legal and regulatory compliance is considered, recorded and implemented.

Procedures are in place for distributing meeting agendas and reports so that they are received in good time, with the appropriate information. Ahead of each Board meeting, the Directors each receive written reports updating on strategy, finance, including monthly management accounts, operations, commercial activities, business development, risk management, legal and regulatory, people and infrastructure and on investor relations. Meeting papers are distributed via an electronic board portal.

The Directors may have access to independent professional advice, where needed, at the Group's expense.

#### Director training and development

All the Directors are responsible for ensuring their skills and knowledge are kept up to date. This is done in varying ways but includes professional training, online training or attending seminars and webinars offered by advisers and consultancies. In addition, regular updates on corporate governance, legal or regulatory changes are also provided via reporting or through presentations to the Board.

#### Directors' conflicts of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. Directors are required to notify the Company of any situation that could give rise to a conflict or potential conflict thereby compromising their independence and objectivity. Each member is required to disclose any such potential conflicts at the start of every meeting. The Board is fully aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board. Where any such conflict arises, the Board determines whether or not a Director can vote or be a party of the item under consideration in accordance with the Company's Articles of Association.

The Board is satisfied that potential conflicts have been effectively managed throughout the year.

## Governance continued

### Board effectiveness

As required under the QCA Code, the Board continually monitors and improves its performance and evaluates its performance based on clear and relevant objectives. The Chairman evaluates the performance of the Board annually to offer Directors an opportunity to discuss their contribution in terms of their skills and experience as well as identifying areas for improvement or development to enhance the capabilities of the Board as a whole. The Nomination Committee reviews any outcomes affecting Board and Committee composition.

In last year's Annual Report we set out the feedback from the 2021 review which focussed on four key areas including roles, contributions, and stakeholder engagement; meeting management and priorities; ambition and strategic planning and Board culture and dynamics.

Where necessary and helpful, the Executive and senior leadership team can maintain a dialogue with the Non-executive Directors and can contact each other freely. During the year, the progress made included:

- › The Board holding a dedicated two-day face-to-face strategy meeting at which management teams delivered their presentations on their proposals for the short-to-medium terms plans for the business. Alongside this there was a mid-year meeting to review progress against the strategy.

- › Improved reporting to ensure there is the right balance of information to support decision-making. Meetings are held face-to-face where possible and the current Board schedule provides for some meetings to be held at our overseas offices.
- › The Board is mindful of investors' views and there is a good level of engagement through telephone meetings, road-shows, presentation days and responding to written requests for information. During the year, there was enhanced engagement with investors on ESG matters to understand their views. In addition, the Board recently approved the appointment of a new Head of Investor Relations and Corporate Communications and looks forward to hosting a Capital Markets Day in 2022.

The 2022 evaluation consisted of one-to-one meetings between the Chairman and each Director to discuss various matters relating to Board and Committee performance and their effectiveness.

Each meeting was also attended by the Company Secretary, who obtained feedback from each Director on the Chairman.

Results and outcomes were reviewed, summarised and circulated to Board members for discussion in February 2022.

The table below sets out the key focus areas arising from the 2022 review:

Areas of focus	Feedback and recommendations
<i>Board planning framework and dynamics</i>	The planning framework drives discipline and behaviours. The strong proximity of the Board and management is a real strength and there is always open and sensible discussion and challenge from Directors.
<i>Focus on strategy</i>	The strategy is well formulated. The Board continues to understand the impact of emerging trends and envision the longer-term plans. The recent appointment of Kristof Neiryck demonstrates the Board's commitment to strategy by enhancing skills and capabilities in the area of consumer healthcare.
<i>Performance and remit of Board Committees</i>	Overall the Committees are chaired and run very well. The Remuneration, Nomination and ESG Committees need to ensure their work continues to evolve as the strategy develops, particularly in the areas of remuneration policy and succession planning.
<i>Board engagement</i>	There is good engagement with investors and the Board is to consider how it could engage with employees outside of surveys and presentations.

The next review in relation to 2022 is scheduled for early 2023.

## Nomination Committee Report



**“As a growing Consumer Healthcare business we seek the very best skills and experience to help us achieve the Group’s strategic objectives”**

# Nomination Committee Report

### Chairman’s statement

On behalf of the Nomination Committee (the ‘Committee’), I am pleased to introduce the Nomination Committee Report in which we set out the Committee’s responsibilities and report on the activities of the Committee during the year.

As a growing international Consumer Healthcare business it is critical that we employ the capabilities of and develop our people to help us continue to deliver on our strategy. We remain focused on understanding our framework on gender and ethnic diversity and inclusion, and succession planning across the business.

During the year much of the Committee’s focus has been on succession planning, Board composition, and the search and appointment of a new Non-executive Director.

On 1 December 2021, we warmly welcomed Kristof Neiryck to the Board and he was also appointed to the Nomination, Remuneration and ESG Committees. You can read more about our recruitment and induction processes on page 59 of this report.

### David Cook

Nomination Committee Chairman

30 March 2022

## Nomination Committee Report continued

DIRECTOR	ROLE	GENDER	FINANCE	CONSUMER HEALTHCARE	PHARMA	INTERNATIONAL	GROWTH	FINANCIAL MARKETS*
Peter Butterfield	CEO	M		■	■	■	■	■
Andrew Franklin	CFO	M	■	■	■	■		■
Kristof Neiryck	INED	M		■		■	■	
David Cook	INED	M	■		■	■	■	■
Jo LeCouillard	INED	F	■	■	■	■	■	■
Richard Jones	INED	M	■		■	■	■	■

\* UK and overseas financial markets experience.

### Diversity and inclusion

As part of a progressive plan, we review the skills on our Board and work with Group HR to ensure we identify any gaps. We talk about a range of areas such as diversity of thought, experience, gender, ethnicity, skills, nationality, and specific skills identified to strengthen and develop the knowledge base on the Board. When necessary we also engage and work with specialist recruitment consultants to help identify talent and search for potential candidates that meet our objective criteria.

As a Board of a company admitted to AIM, we monitor the guidance and best practice in the market around the areas of gender and ethnicity, in particular the percentage targets set for FTSE main market listed companies.

Should investors wish to discuss any aspects of the work of the Committee, I will be available to answer questions at this year's AGM.

The Company's Diversity and Inclusion Policy can be found on the Company's website.

### The role of the Committee

The Nomination Committee's primary roles are to carry out a selection process for the appointment and reappointment of all Directors to the Board, and to review the structure, size and composition of the Board (including in terms of skills, knowledge, experience and diversity). The Committee also reviews the leadership needs of the organisation and monitors succession planning for both Board and senior executive roles. The framework of duties is set out in its Terms of Reference which are available on the Company's website. Each year the Committee reviews its own performance and its Terms of Reference.

### Duties of the Committee

The duties of the Committee include:

- › Keeping itself informed about strategic issues and commercial changes affecting the Company.

- › Reviewing the structure, size, and composition of the Board, including diversity, skills, knowledge, and experience.
- › Considering succession plans for Directors and other senior executives.
- › Identifying and nominating candidates to fill Board vacancies.
- › Evaluating the balance of skill, knowledge, experience, and diversity prior to commencing any appointment process.
- › Reviewing the results of the Board performance evaluation insofar as it relates to composition and time commitment of Directors.
- › Making recommendations to the Board on matters such as Committee membership, reappointment, and re-election of Directors.

### Board gender diversity



Members of the Committee have access to the Company Secretary, who attends and minutes all meetings. To enable the Committee to discharge its duties effectively, the Company Secretary is responsible for ensuring the Committee receives high-quality, timely information. The Chair of the Committee reports to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and will make any recommendations to the Board it deems appropriate.

## Nomination Committee Report continued

### Attendance

During the year, the Committee held two scheduled meetings and reported on its activities to the Board.

### Nomination Committee

**2** Meetings – 100% attendance\*

Member	Role	Status	Attendance
David Cook	Chairman	Independent	2/2
Jo LeCouilliard	NED	Independent	2/2
Kristof Neiryndck	NED	Independent	-
Nigel Clifford**	NED	Independent	1/1
Richard Jones	NED	Independent	2/2

\* Additional ad hoc meetings were held during the year to deal with NED recruitment.

\*\* Resigned from the Board on 30 April 2021.

### Committee membership

Appointments to the Committee are made by the Board. Only members of the Committee have the right to attend meetings. However, where appropriate, the Chief People and Infrastructure Officer and the CEO are invited to attend certain meetings of the Committee to support with discussions around succession planning and recruitment process.

### Committee membership changes

Nigel Clifford stepped down from the Committee on 30 April 2021. With effect from 1 December, Kristof Neiryndck was appointed a member of the Nomination Committee.

### Activities of the Committee

#### Board composition

The Committee reviews any outcomes from the annual Board performance evaluation that relate both to composition and time commitment from Non-executive Directors. The Committee keeps under review the Board's composition to ensure it provides a sufficiently wide range of skills and experience to enable it to pursue its strategic goals and to address anticipated issues in the foreseeable future. This process includes reviewing the mix of skills, sector experience and financial, public markets and international experience.

Being a global business, the Committee is aware of the benefits of diversity on the Board and at the senior management level.

It remains committed to considering diversity when discussing appointments and succession plans. The Company and the Board always seek to search for, recruit and appoint the best available person based on aptitude and ability, regardless of gender, marital or civil partnership status, race, colour, nationality, ethnic or national origins, pregnancy, disability, age, sexual orientation, religion or belief.

### NED search and appointment

During 2021, the Nomination Committee conducted a search and recruitment process followed a review of the skills, capabilities and experience on the Board. As an international consumer healthcare business with diverse products across many territories, the Board sought to recruit someone with close knowledge and extensive experience in the marketing of products in the healthcare sector, across several countries, particularly in the US, APAC and European regions. The Committee's process was supported by the Chief People and Infrastructure Officer and the Company engaged the services of an external executive search and recruitment agency.

Following a recommendation by the Nomination Committee, the Board was pleased to announce the appointment of Kristof Neiryndck as a Non-executive Director on the 29 June 2021. He took office on 1 December 2021 and brings with him the addition of skills and experience in marketing, digital transformation and innovation gained in fast-moving consumer healthcare companies.

### Board balance and independence

The Committee considers there to be an appropriate balance between Executive and Non-executive Directors on the Board, and following this year's Board evaluation, members confirmed that discussions are not dominated by any one or small group of people when making decisions. Having considered the guidelines on independence, on appointment as Chairman, David Cook was independent and continues to be regarded by the Board as independent alongside Richard Jones, Jo LeCouilliard and Kristof Neiryndck.

### Senior Independent Director (SID)

Each year the Nomination Committee considers whether it is appropriate to have a SID to act as a sounding board and intermediary for the Chairman or other Board members. As part of their review in 2021, it was concluded that the appointment of a SID is not necessary at this time, but the potential appointment will be kept under review.

### External directorships

The Chairman and Non-executive Directors hold appointments as Directors and/or senior management on a small number of other companies, as detailed in their biographies on pages 48 and 49. It is considered that the Chairman and Non-executive Directors allocate sufficient time and commitment to fulfil their duties to the Company.



## Nomination Committee Report continued

### Board appointments and succession planning

#### Succession planning

The Committee works closely with the Board and, with the support of the Chief People and Infrastructure Officer, develops strategies in support of progressive and orderly succession planning for Board and senior management. Planning includes consideration of the challenges and opportunities facing the Company and careful evaluation of the skills and experience needed on the Board in the future. When developing these plans, the Directors are mindful of the need for a more diverse executive pipeline to help increase diversity levels in senior positions.

Page 75 in the Remuneration Committee Report sets out the term of appointment for each Director. The nine year tenure of the Chairman will come to an end early 2023, after which he is no longer considered to be independent. Accordingly, the Committee has started to consider succession for the role and shareholders will be notified of any proposed changes as and when it would be appropriate to do so.

### Board appointments and induction

Whether as part of formal succession planning or to fill any Board vacancy that should arise, the Committee leads the process for the appointment of Directors. The Chairman does not chair the Committee when it is dealing with the appointment of his successor.

Any appointment process follows a careful assessment of the balance of skills, knowledge and experience and diversity on the Board to identify capabilities that would enhance the Board and support the long-term strategy of the Group. The Chief People and Infrastructure Officer prepares a role description and capabilities required for the appointment. The services of an external recruitment agency are engaged to facilitate the search with instructions to consider candidates from a wide range of backgrounds. Potential candidates are also considered on merit and against objective criteria with due regard to the benefits of diversity, including gender, and time available to devote to the position. Potential candidates are required to disclose business interests that may result in a conflict of interest.

From a short-list of suitable candidates, interviews are held with the Chairman of the Board, CEO and Chief People and Infrastructure Officer and other Board members. The Committee then recommends appointments to the full Board for their formal approval. New appointments are proposed to shareholders for approval at the next AGM following the first date of appointment.

On appointment, all Directors receive a personally tailored induction. This includes meetings with members of the Board, members of the SLT, the Group General Counsel and Company Secretary, and presentations from key functions in the business. They are provided with an overview of the Group's structure and operations and governance policies and receive copies of past Board minutes and reports via the electronic board portal. In addition, the portal holds other key corporate documents and information, for example, Matters Reserved for the Board, Committee Terms of Reference, the Company's Articles of Association and the Directors' and Officers' liability insurance arrangements.

### Annual re-election of Directors at AGM

In accordance with the Company's Articles of Association, all Directors are subject to election or re-election by shareholders at the AGM. In line with good practice, the Committee recommended to the Board that all six Directors, being eligible, put themselves forward for annual re-election at the Company's AGM.

## Audit and Risk Committee Report



**“We continue to monitor the integrity of the financial statements and other announcements as the business works to achieve its goals”**

# Audit and Risk Committee Report

### Chairman’s statement

On behalf of the Audit and Risk Committee (the ‘Committee’), I am pleased to introduce the Audit and Risk Committee Report. As a company admitted to AIM, we are guided by the QCA’s Audit Committee Guide and, when appropriate to do so, look to the UK Corporate Governance Code 2018 and to investor guidelines for best practice.

In this report we set out the Committee’s responsibilities and report on the activities of the Committee during the year.

At the start of the year, alongside our regular work carefully reviewing the Company’s annual financial statements, the associated accounting treatment and disclosures, efforts focussed on the integration of Biogix Inc. following its acquisition on the 29 December 2020. The Committee carried out a post-acquisition accounting review of Biogix Inc., which included a review of the independent audit conducted in respect of the Company’s financial statements prior to acquisition, significant judgements and estimates used in considering the impact of the acquisition under IFRS 3 (‘Business Combinations’) and the appropriateness of the disclosures and accounting rules for the year ended 31 December 2020 in respect of the acquisition.

## Audit and Risk Committee Report continued

In addition, there was a mid-year review of financial controls in the US. Key controls have been implemented including the appointment of a Divisional Financial Controller.

Regular reviews were held with the Company's Auditor, KPMG LLP, without management in attendance. In 2021, the Committee welcomed Huw Brown as the new lead audit partner. The Chair meets with Huw Brown outside of the formal Committee meetings as part of relationship engagement.

As part of the Committee's annual review of the need for an internal audit function, the Committee concluded that, with the growth of the business and the corresponding complexities, it is appropriate to establish a new internal audit function. Management is currently in the process of appointing a new Internal Audit Manager who will report to me.

The Committee reviews the Group's risk register quarterly, and the Committee believes that the Group strategy has the support of a management team who understand the risk management framework required to deliver it. Information about our principal risks and uncertainties and our system of risk management and internal control can be found on pages 39 to 45 and on pages 63 and 64.

The Company intends to undertake a tender process for audit services and expects this process to be completed by Q3 2022. Notwithstanding such process, a resolution to re-appoint KPMG LLP will be proposed at this year's Annual General Meeting.

### Richard Jones

Audit and Risk Committee Chairman

30 March 2022

### The role of the Committee

The Audit and Risk Committee assists the Board with monitoring and reviewing the Company's financial results and other reporting and has oversight of the effectiveness of risk management and systems of internal control. Its role is to provide confidence to shareholders on the integrity of our reported financial results and provide challenge to the external auditors and senior management.

The framework of duties is set out in its Terms of Reference which are available on the Company's website. Each year the Committee reviews its own performance and its Terms of Reference.

### Duties of the Committee

The duties of the Committee include:

- › Reviewing the management and reporting of financial matters including key accounting policies.
- › Reviewing the Annual Report and Accounts and advising the Board on whether, when taken as a whole, it is fair, balanced, and understandable and provides shareholders with the information necessary to assess the Company's performance, business model and strategy.

- › Considering the appointment of external auditors and the frequency of re-tendering and rotation of the audit.
- › Overseeing the relationship with, and the independence and objectivity of, the external auditors.
- › Setting policy in relation to the use of the external auditors for non-audit services.
- › Advising the Board on the Company's appetite for and tolerance of risk and the strategy in relation to risk management and reviewing any non-conformances with these.
- › Reviewing the Company's risk management and internal control systems and their effectiveness.
- › Reviewing the Company's procedures for detecting fraud, bribery and corruption and ensuring arrangements are adequate for employees to raise concerns.

## Audit and Risk Committee Report continued

Members of the Committee have access to the Company Secretary who attends and minutes all meetings. To enable the Committee to discharge its duties effectively, the Company Secretary is responsible for ensuring the Committee receives high-quality, timely information. The Chairman of the Committee works closely with the CFO and the finance department to ensure papers for meetings are comprehensive and comprehensible. When appropriate to do so, the Committee seeks the support of external advisers and consultants.

The Committee reports to the Board which includes reporting on any matters where it considers action or improvement is needed, including recommendation of remedial actions. The Chair of the Committee reports to the Board on its proceedings after each meeting on all matters, including any reporting issues and on estimates and judgements made in the preparation of financial statements.

### Attendance

During the year, the Committee held four scheduled meetings and reported on its activities to the Board.

As at the date of this report, the members of the Audit and Risk Committee, all of whom held office throughout the year and to the date of this report unless otherwise stated, are:

### Audit and Risk Committee

**4** Meetings – 100% attendance

Member	Role	Status	Attendance
Richard Jones	Chairman	Independent	4/4
David Cook	NED	Independent	4/4
Jo LeCouvillier	NED	Independent	4/4

### Committee membership and attendance

Appointments to the Committee are made by the Board following any recommendations from the Nomination Committee. Only members of the Committee have the right to attend meetings. All three members of the Committee have a mix of knowledge and skills gained through their experience of business, management practices including risk, the industry sector and have recent and relevant financial experience. The CEO, CFO and the Group Head of Finance are invited to attend all meetings, while other senior financial managers will attend as appropriate.

The external auditor also attend the meetings to discuss the planning and conclusions of their work and meet with the members of the Audit and Risk Committee without any members of the executive team present after each meeting. The Audit and Risk Committee can call for information from management and consults with the external auditor directly if required.

### Key activities of the Committee

Areas of focus	Key duties and responsibilities	Activities in the year ended 31 December 2021
<b>Financial statements and narrative reporting</b>	The content and integrity of financial statements and any formal announcements relating to financial performance, including review of the significant financial reporting judgements contained therein.	<ul style="list-style-type: none"> <li>› Review of the financial statements and narrative reporting in the Annual Report and Accounts for 2020 and 2021 with reference to the reports being fair, balanced and understandable. Included a review of the appropriateness of the disclosures considering requirements and guidance under IFRS, the AIM Rules for Companies, Companies Act 2006 requirements, FRC guidance and the QCA Corporate Governance Code 2018.</li> <li>› Review of the preliminary results for the financial years ended 31 December 2020 and the unaudited half year results to 30 June 2021.</li> <li>› Consideration of reports from the external auditor in respect of the Annual Report and Accounts for 2020 and 2021.</li> </ul>
<b>Going concern</b>	Matters that have informed the Board's assessment of whether the Company is a going concern.	<ul style="list-style-type: none"> <li>› A review of the going concern including methodology, assessment in support of the going concern assumption, concluding the expectation that the Group has adequate resources to continue in operation existence for the foreseeable future.</li> </ul>

## Audit and Risk Committee Report continued

Areas of focus	Key duties and responsibilities	Activities in the year ended 31 December 2021
<b>Accounting policies and standards</b>	Key accounting estimates and judgements.	<ul style="list-style-type: none"> <li>› In respect of the preparation of the financial statements for the year ended 31 December 2021, the Committee reviewed key accounting judgements and estimates including a review of the group's weighted average cost of capital (WACC); a review of intangible assets including consideration of impairment under IAS 36; estimates and judgements in respect of going concern, review of alternative performance measures, and accounting for the Biogix Inc acquisition.</li> <li>› The review of the legal and accounting considerations and draft disclosures for the financial statements for the year ended 2021, including the making of a provision following the CMA's Infringement Decision on 3 February 2022.</li> <li>› A review of an assessment under IFRS 15 and the revenue recognition in relation to a major cross-border e-commerce distribution agreement.</li> <li>› A review of the accounting treatment for ERP systems in light of IFRS Interpretations Committee decisions on cloud computing arrangements.</li> </ul>
<b>Risk management and internal controls</b>	Financial and other internal controls and risk management systems, including the Group's Principal Risks and Uncertainties.	<ul style="list-style-type: none"> <li>› A review of risk management and the Group risk register.</li> <li>› Review of the Group's assessment of its control framework, including progress in enhancing the control environment.</li> <li>› A review of the business and corporate governance statement relating to the audit and risk management.</li> <li>› A review of the Group's risk management and internal control systems.</li> <li>› Annual review of the need for an internal audit function.</li> </ul>
	Regulatory and compliance risk.	<ul style="list-style-type: none"> <li>› Review of the Company's Whistleblowing policy and procedures.</li> </ul>

Areas of focus	Key duties and responsibilities	Activities in the year ended 31 December 2021
<b>Review of external auditor</b>	External auditor's independence and objectivity and the effectiveness of the audit process.  The policy to control engagement of the external auditor to supply non-audit services.	<ul style="list-style-type: none"> <li>› Meetings with the external auditor without management to consider any potential areas of concern.</li> <li>› Review and consideration of the external auditor's findings and recommendations and management's response from the audit of the year ended 31 December 2020 and 2021.</li> <li>› Approve the terms of appointment, areas of responsibility and duties.</li> <li>› Scope, strategy and fees of the 2021 external audit set out in the engagement letter and recommend approval to the Board.</li> <li>› Review of the external auditor's performance, independence, and objectivity.</li> </ul>
<b>Terms of Reference</b>	Reporting to the Board on how the Committee has discharged its responsibilities.	<ul style="list-style-type: none"> <li>› The Committee reviewed its own Terms of Reference which are considered to be satisfactory. The Committee and Board were satisfied that the Committee and its members continue to operate effectively individually and collectively and had discharged all of the duties within its remit.</li> </ul>

### Risk management and internal controls

The Board has primary responsibility for the Group's overall approach to risk management and systems of internal control and has delegated its oversight to the Committee.

During the year, the Committee has reviewed and reported on the identification, evaluation and management of risks facing the business and has considered the effectiveness of associated processes and controls to ensure a healthy balance between the risk we face and harnessing the opportunities that align with strategy to grow a strong and sustainable business.

At least once a year, the Board also reviews risk management and those risks the Board is not prepared to take are either avoided or, as far as possible, are mitigated and/or transferred to insurers.



## Audit and Risk Committee Report continued

The responsibilities surrounding risk management and internal control systems are designed to meet the needs of the size and complexity of the business. It takes into account the applicable requirements of pharmaceutical regulators in the various markets in which the business operates as well as the legal requirements of being a UK company admitted to AIM. Internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material loss or misstatement.

The key components of the current systems of internal controls are:

- › Clearly communicating Alliance's values and strategy to ensure these are understood and people know what is expected.
- › Developing business and financial plans that support the strategy.
- › Reviewing policies and procedures to ensure these remain fit for purpose.
- › Strengthening controls through enterprise resource planning.
- › Regular reporting of actual performance relative to goals, budgets and forecasts.
- › Ensuring there is a structure of accountability and accountability.
- › Training and monitoring.

### Internal audit function

Every year, the Audit and Risk Committee considers the need for an internal audit function. This year the Committee has taken a decision to establish an internal audit function and its activities will be reported in the 2022 Annual Report.

### Whistleblowing

The Company has a Whistleblowing Policy and procedures to help with the detection and prevention of fraud. Published on the Company's Intranet, the Policy provides all employees access to a confidential forum in which it is possible to raise concerns about potential and perceived improprieties. Provided it is appropriate to do so, the process is managed by the Company Secretary in conjunction with Human Resources. The outcomes of any investigations carried out in accordance with the Policy is reported to the Committee.

### External auditor

#### Audit process

Each year, the Committee assesses the proposed Audit plan for the external auditor's review of the Company's full-year financial statements. This plan sets out the scope of the audit, areas of significant risk of material misstatement, timetable and fees. KPMG formally present their findings to the Committee but throughout the auditing process there is regular dialogue and engagement with management with any significant matters or risks being communicated.

Prior to the Board's approval of the Annual Report and Accounts, the Committee reviews with the auditor the representations set out in the management representation letter and reports to the Board. The auditor presents the Board with a management representation letter which the Committee will have reviewed and discussed with the auditor as part of its year-end meetings.

### Effectiveness and independence of the external auditor

The Committee is responsible for agreeing the terms of engagement with the Company's external auditors KPMG. The objectivity and independence of the external auditors is safeguarded by reviewing the auditors' formal declarations, monitoring relationships between key audit staff and the Company, and tracking the level of non-audit fees payable to the external auditors.

### Reappointment of the external auditor

KPMG took up office as the Company's auditor in 2016. The auditor's appointment requires the approval of shareholders at the AGM. The Company intends to undertake a tender process for audit services and expects this process to be completed by Q3 2022. Notwithstanding such process, a resolution to re-appoint KPMG LLP will be proposed at this year's Annual General Meeting.

Each year, the Committee reviews the scope and fees for the annual audit of the Company.

## Remuneration Committee Report



**“We aim to ensure that our remuneration arrangements align to support implementation of the Group’s strategy for the medium to long term”**

# Remuneration Committee Report

### Chairman’s statement

On behalf of the Remuneration Committee (the ‘Committee’), I am pleased to introduce this year’s Remuneration Committee Report.

As a company admitted to AIM, we are guided by the QCA’s Remuneration Committee Guide and, when appropriate to do so, look to the UK Corporate Governance Code 2018 and to investor guidelines for best practice. The Committee remains aware of the importance placed by investors on remuneration.

In carrying out its duties, we continue to balance our remuneration policy and practices with our size and complexity as well as with the performance of the business. We promote the long-term growth of shareholder value, in line with the Group’s strategy, and the need

to ensure that our people remain motivated through fair remuneration strategies. The Committee believes that the Company’s current remuneration policy encourages and rewards the right behaviours and that any risks created by its structure are within the appetite of the Board. The key activities of the Committee during the year included:

- › Reviewing our remuneration policies and remuneration levels (both fixed and variable) in the context of appropriate AIM market comparisons.
- › Ensuring our policy achieves its objectives and continues to attract, retain, and motivate a high-quality management team to run the Alliance business successfully for our shareholders.

## Remuneration Committee Report continued

- › Considering the context of the potential impact of external factors on the business and the economy generally, the Company's dividend policy and payments, competence, investor sentiment, sector performance, affordability, total reward, and wider employee view.
- › Reviewing and approving annual bonuses against the achievement of targets and personal performance.
- › Monitoring and making recommendations with respect to the level and structure of remuneration for senior management
- › Assessing the achievement of performance conditions and extent of vesting relating to share awards which matured in 2021.
- › Approving the grant of share option awards under the Company's share incentive plans to the Executive Directors and employees.
- › Reviewing the holding requirements under the Company's Share Ownership Policy.

The Committee continues to monitor trends and developments in relation to remuneration and market practices and corporate governance and welcomes views from its shareholders. Being committed to and maintaining a healthy dialogue with our shareholders helps to ensure that our remuneration strategy is understood and remains appropriate across all levels of the organisation.

I will be attending the AGM on 18 May 2022 and will be available to answer any shareholder questions on the Committee's activities. In the meantime, I would like to thank our shareholders for their continued support.

### **Jo LeCouilliard**

Remuneration Committee Chairman

30 March 2022

## Remuneration Committee Report continued

### The role of the Remuneration Committee

The role of the Remuneration Committee is to ensure there is a formal process for considering Executive remuneration. On behalf of the Board, it reviews the pay, benefits, and other terms of service of the Executive Directors of the Company and the broad pay strategy with respect to other senior executives. The framework of duties is set out in its Terms of Reference which are available on the Company's website. Each year the Committee reviews its own performance and its Terms of Reference.

Members of the Committee have access to the Company Secretary who attends and minutes all meetings. To enable the Committee to discharge its duties effectively, the Company Secretary is responsible for ensuring the Committee receives high-quality, timely information. The Chair of the Committee reports to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and will make any recommendations to the Board it deems appropriate. The Committee will also engage with the Nomination Committee when considering, for example, the appointment of Directors or contractual terms on termination.

### Committee membership

Appointments to the Committee are made by the Board following any recommendations from the Nomination Committee. Only members of the Committee have the right to attend meetings. However, where appropriate, the CEO, CFO and the Chief People and Infrastructure Officer are also invited to attend certain meetings of the Remuneration Committee.

### Attendance

During the year, the Committee held a total of six meetings and reported on its activities to the Board. As at the date of this report, the membership of the Remuneration Committee comprises three Independent Non-executive Directors and their attendance was as follows:

### Remuneration Committee

## 6 Meetings – 100% attendance

Member	Role	Status	Attendance
Jo LeCouilliard	Chairman	Independent	6/6
David Cook	NED	Independent	6/6
Nigel Clifford*	NED	Independent	2/2
Kristof Neiryck**	NED	Independent	1/1

\* Nigel Clifford resigned from the Board of Directors on 30 April 2021.

\*\* Kristof Neiryck joined the Committee on 1 December 2021.

### Activities of the Committee

During the year, matters reviewed and considered by the Remuneration Committee included reviewing policies on remuneration, external environment, market comparators, increases to annual base salaries, short-term and long-term reward and incentives, and assessing the extent to which targets have been achieved under the performance-related bonus scheme. When appropriate to do so, the Remuneration Committee seeks the support of external advisers and consultants. During the year, the Committee undertook a competitive tender process and appointed Ellason LLP as adviser to the Committee. Ellason LLP are members of the Remuneration Consultants Group, which sets out guidelines to ensure that any advice received is independent. Ellason LLP provides no other services to the Company and the Committee is satisfied that the advice received is objective and independent. No Directors or senior managers are involved in any decisions as to their own remuneration.

## Remuneration Committee Report continued

### REMUNERATION POLICY

#### Remuneration policy tables

As the Company is not a fully listed company, it is not required to produce a formal remuneration policy or seek shareholder approval of that policy. However, we set out below additional information that the Committee believes will be most useful to shareholders and reflects remuneration practices that are appropriate for an AIM company of our size. The policy is designed to ensure our Executive Director pay arrangements remain supportive of and drive the strategy.

#### Policy table in respect of Executive remuneration

Element	Policy
<b>Base salary</b>	<p>Base salaries are reviewed annually to ensure they remain in line with other pharmaceutical/healthcare and other AIM companies and reflect the size and scope of the individual's role. Within that frame of reference, the Company aims to be at or near the median level.</p> <p>Annual base salaries increase in line with the remuneration policy and take effect from May each year. The Committee is committed to ensuring that salaries remain competitive relative to the AIM 100. Levels are set to attract and retain individuals to lead and drive forwards the agreed strategy for the Company.</p>
<b>Pension and other benefits</b>	<p>Executive Directors can participate in the Company's defined contribution pension scheme. In line with all employees, only their base salaries are pensionable. The Company contributes twice the amount contributed by the employee up to a maximum of 10%. When appropriate to do so, Executive Directors may take benefits as a salary cash supplement (which will ordinarily be reduced to take account of the employer National Insurance Contributions).</p> <p>Other benefits in kind include life assurance, healthcare and the provision of a cash allowance in lieu of a company car.</p>

Element	Policy
<b>Annual bonus</b>	<p>The delivery of the Group's in-year, short-term corporate goals is incentivised by offering a cash-settled bonus ('Annual Bonus') linked to two factors:</p> <ul style="list-style-type: none"> <li>&gt; the achievement of budgeted levels of underlying profit before tax, which is the key metric the Board considers in monitoring corporate performance; and</li> <li>&gt; personal performance of each Executive.</li> </ul> <p>As part of this incentive strategy Executive Directors are eligible to participate in the all-employee Annual Bonus scheme. The level of that bonus is determined by first assessing whether the threshold level of financial performance has been achieved by the business and, once this has been achieved, applying a further multiplier which is determined by assessment of the Executive's personal performance for the relevant year.</p> <p>The financial targets are set at the start of each financial year – the targets are determined with the approval of the Remuneration Committee to ensure they incentivise the Executives and align with delivery of the Group's strategy.</p> <p>Personal performance is measured on various factors including delivery of pre-set personal targets.</p> <p>Based on a combination of financial and personal performance, the Annual Bonus that each of the Executives is able to earn is as follows:</p> <p><b>Chief Executive Officer</b> A bonus of 50% of base salary is payable for on-target financial performance, increasing on a sliding scale up to a maximum of 100% of base salary.</p> <p>The bonus payable can be further increased by applying a personal performance multiplier. The maximum personal performance multiplier is 1.5x (i.e. up to an additional 50% of salary).</p> <p>The CEO's potential maximum Annual Bonus opportunity is therefore 150% of base salary.</p> <p><b>Chief Financial Officer</b> A bonus of 40% of base salary is payable for on-target financial performance, increasing on a sliding scale up to a maximum of 80% of base salary.</p> <p>The bonus can be further increased by applying a personal performance multiplier. The maximum personal performance-related multiplier is 1.5x (up to an additional 40% of salary).</p> <p>The CFO's potential maximum Annual Bonus opportunity is therefore 120% of base salary.</p>



## Remuneration Committee Report continued

### REMUNERATION POLICY CONTINUED

Element	Policy
<b>Share incentive schemes</b>	<p>The Company operates two share incentive schemes to encourage a culture of long-term growth and performance that aligns with share ownership. Executive Directors can participate in both the market value Company Share Option Plan (CSOP), and a nil-cost Long-Term Incentive Plan (LTIP).</p> <p>Any awards granted to the Executive Directors are subject to performance metrics which are reviewed regularly by the Committee, and the level of award is reviewed annually to ensure that the aggregate remuneration remains competitive.</p> <p>Performance targets for Directors' awards granted under the LTIP and CSOP continue to be based on Earnings Per Share (EPS) and Total Shareholder Return (TSR) related targets, assessed over a three-year performance period.</p> <p>The maximum total market value of shares over which awards may be granted under the LTIP to any participant during any financial year is 100% of the participant's salary. However, in exceptional circumstances, the Committee may, at its absolute discretion, grant a higher amount. The maximum market value of shares under the approved part of the CSOP shall not exceed £30,000. There is no limit on the market value of shares when granting unapproved share option awards.</p> <p>Further information about the Company's share incentive plans is set out on page 81.</p>
<b>Share ownership</b>	<p>To align Directors and Senior Management's interests with our shareholders, the Company operates a Share Ownership Policy.</p> <p>When exercising share options relevant employees are required to build a qualifying interest in shares or vested options capable of exercise that is equal to a percentage of their base salary at the prevailing time. Ordinary shares are valued at their market value at the time of any calculation carried out to determine whether a qualifying interest has been established or needs to be increased. The CEO is required to build a qualifying interest equal to 200% of his base salary, while the CFO is required to build an interest equal to 150% of his salary. Further information can be found on page 74 of this report.</p>

### Policy table in respect of Non-executive remuneration

Remuneration/ Benefit	Application
<b>Fees</b>	<p>Non-executive Directors of the Company receive a basic fee for the services provided to the Company. These are reviewed by the Company from time to time to ensure levels remain in line with comparable companies. There are no performance measures in relation to fees paid to Non-executive Directors.</p> <p>The Non-executive Directors do not receive an additional allowance for chairing one or more of the Committees of the Board.</p>

## Remuneration Committee Report continued

### DIRECTORS' REMUNERATION

The aggregate remuneration payable to the Directors in respect of the period was as follows:

	Salary or fees		Other		Pension		Bonus		Total remuneration, excluding share options		Exercised share option gains		Total remuneration, including share options	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Peter Butterfield	<b>335,500</b>	311,667	<b>12,377</b>	12,328	<b>28,998</b>	27,389	<b>238,889</b>	206,250	<b>615,764</b>	557,634	<b>363,146</b>	54,400	<b>978,910</b>	612,034
Andrew Franklin	<b>226,667</b>	210,000	<b>11,922</b>	8,590	<b>22,667</b>	20,636	<b>155,940</b>	110,000	<b>417,296</b>	349,226	–	–	<b>417,296</b>	349,226
Nigel Clifford <sup>1</sup>	<b>15,000</b>	44,389	–	–	–	–	–	–	15,000	44,389	–	–	<b>15,000</b>	44,389
David Cook	<b>82,667</b>	78,488	–	–	–	–	–	–	82,667	78,488	–	–	<b>82,667</b>	78,488
Richard Jones	<b>45,750</b>	44,389	–	–	–	–	–	–	45,750	44,389	–	–	<b>45,750</b>	44,389
Jo LeCoulliard	<b>45,750</b>	42,723	–	–	–	–	–	–	45,750	42,723	–	–	<b>45,750</b>	42,723
Kristof Neiryck <sup>2</sup>	<b>3,844</b>	–	–	–	–	–	–	–	3,844	–	–	–	<b>3,844</b>	–
	<b>755,178</b>	731,656	<b>24,299</b>	20,918	<b>51,665</b>	48,025	<b>394,829</b>	316,250	<b>1,225,971</b>	1,116,849	<b>363,146</b>	54,400	<b>1,589,217</b>	1,172,249

<sup>1</sup> Nigel Clifford retired from the Board as a Non-executive Director on 30 April 2021.

<sup>2</sup> Kristof Neiryck joined the Board as an independent Non-executive Director on 1 December 2021.

No Director received any remuneration from a third party in respect of their service as a Director of the Company.

#### Base salary

Base salaries for the CEO and CFO were increased in line with the wider workforce during the year from £330,000 to £338,250 for the CEO and from £220,000 to £230,000 for the CFO. These increases took effect on 1 May 2021.

#### Pension and benefits

Both the CEO and CFO received an employer pension contribution of twice the amount contributed by the Director up to a maximum of 10% of salary.

The column headed 'Other' in the table above shows the value of benefits provided to each Executive Director, including a cash allowance in lieu of a company car and healthcare. Only the Executive Directors accrue retirement benefits, and both of whom did so through defined contribution (money purchase) schemes. The Company does not operate a defined benefit scheme. No Director or former Director received any benefits from a retirement benefits scheme that were not otherwise available to all members of the scheme.

#### Annual bonus

The Committee reviewed the achievement of actual underlying profit before tax (PBT) against budgeted levels of underlying PBT – the key metric for monitoring corporate performance. In addition, the Committee considered the personal performance of the Executive Directors as measured against various factors including pre-set personal objectives. For the Executive Directors this resulted in the following payments:

	2021 £	2020 £	2021 % salary	2020 % salary
Peter Butterfield	<b>238,889</b>	206,250	<b>71</b>	62.5
Andrew Franklin	<b>155,940</b>	110,000	<b>68</b>	50

## Remuneration Committee Report continued

### DIRECTORS' REMUNERATION CONTINUED

#### Non-executive Directors' fees

An increase to Non-executive Directors' fees was approved during the year and took effect on 1 May 2021. The annual fee paid to David Cook is £84,000. Jo LeCouilliard, Kristof Neiryneck and Richard Jones each receive a fee of £46,125 per annum. Non-executive Directors do not receive an additional allowance for chairing one or more of the Committees of the Board.

#### Share incentive awards

The Company operates two share incentive schemes under which share options are granted to Executive Directors and senior management. More details on our share plans can be found in the Directors' Report on page 81.

#### Awards under the Alliance Company Share Option Plan 2015 (CSOP)

During the year, the Committee approved the award of market value share options to the Executive Directors and Senior Leadership Team ('SLT'). The quantum of award is one share for every £2 of base salary and, where appropriate, may attract HMRC tax advantages.

On 29 September 2021, the Company granted Peter Butterfield 29,182 approved and 139,943 unapproved share options under the CSOP. On the same date, the Company granted Andrew Franklin 115,000 unapproved share options under the same plan. These share options were all granted with an exercise price of 102.8p per share (being the closing mid-market price of one 1p Ordinary share in the Company at close of trading on 28 September 2021). Based on the exercise price, the value of the awards as at the date of grant was equal to £173,860 for the CEO and £118,220 for the CFO. These awards will vest on the third anniversary from the date of grant, 29 September 2024, subject to meeting the EPS and TSR performance targets as set out on page 72.

#### Awards under the Alliance Long-Term Incentive Plan 2019 (LTIP)

The Committee also approved awards granted under the Company's LTIP in the form of nil-cost options. These were granted on 29 September 2021 with a face value of 55% of base salary to Peter Butterfield, equal to £186,037 (180,970 option awards); and 45% of base salary to Andrew Franklin, equal to £103,500 (100,681 option awards). The strike price used to calculate the quantum of awards was 102.8p per share (being the closing mid-market price of one 1p Ordinary share in the Company at close of trading on 28 September 2021). These awards will vest on the third anniversary from the date of grant, 29 September 2024, subject to meeting the EPS and TSR performance targets on the following page.

#### Malus and clawback

All awards under the LTIP are subject to standard malus and clawback provisions which allow the Company, in certain circumstances, to either (i) terminate outstanding options, or (ii) seek repayment of after tax value of options which have been exercised by an Executive which has been dismissed as a result of a set of prescribed irregularities including the discovery of material misstatement of results of the Company or Group; or a serious breach of the Company's code of ethics has arisen; or a serious regulatory, or health and safety issue has occurred.

#### Performance conditions

All options granted to Executive Directors before 2019 will only vest if targets for growth in the Company's underlying diluted Earnings Per Share (EPS) are met over a period of three years. EPS is an important metric which provides a strong incentive to drive the Group's business over that longer-term period and to mitigate downside risks that could affect the Group's profitability. Reputation risks could reasonably be expected to affect the share price, so the Executive is further incentivised to mitigate these exposures, if they wish to maximise the potential value of their options.

## Remuneration Committee Report continued

### DIRECTORS' REMUNERATION CONTINUED

In 2019, the Committee reviewed performance targets as part of the introduction of the LTIP and introduced a second measure, in addition to EPS, based on Total Shareholder Return (TSR). As such, all options granted in 2021 to Executives under the CSOP and LTIP are subject to EPS and TSR performance conditions. 50% of the awards are subject to EPS and 50% are subject to TSR as set out below:

EPS Compound Annual Growth Rate over the performance period	% of award that vests (of 50%)
< 5% CAGR	0%
5% – 10% CAGR	Calculated on a straight-line basis between 50% and 100%
> 10% CAGR	100%

**CAGR:** means compound annual growth rate.

**EPS:** means the underlying diluted earnings per share as presented in the Company's published Annual Reports.

**EPS Compound Annual Growth Rate:** means the percentage of increase in the EPS of the Company calculated by reference to the difference between (i) the EPS as presented in the published Annual Report for the financial year ending 31 December 2020, to (ii) the EPS as presented in the published Annual Report for the financial year ending 31 December 2023.

**EPS Performance Period:** the period from 31 December 2020 to 31 December 2023 (inclusive).

TSR against the FTSE Small Cap Index (ex-Trusts) over the performance period	% of award that vests (of 50%)
Less than the Index	0%
Equal to the Index	50%
Between the Index but less than 15% out-performance of the Index on a cumulative basis over the TSR performance period	Calculated on a straight-line basis between 50% and 100%
Equal to or greater than 15% out-performance of the Index on a cumulative basis over the TSR performance period	100%

**Index:** means the FTSE Small Cap Index, excluding investments trusts as determined by the Company's nominated adviser.

**TSR:** means total shareholder return calculated by reference to the Company's share price appreciation plus all dividend per share paid (based on ex dividend date) during the TSR Performance Period, and as determined by the Company's Nominated Adviser at the end of the TSR Performance Period.

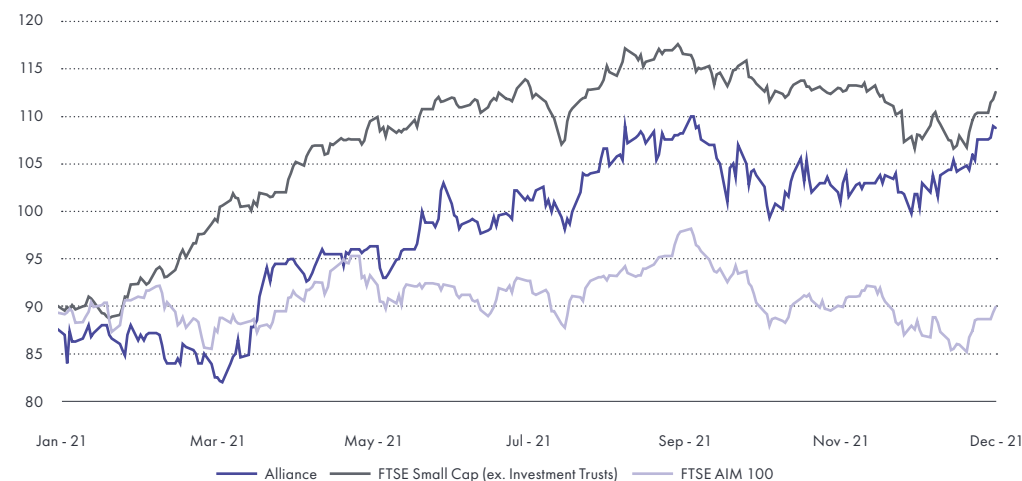
**TSR Performance Period:** the period starting on the Grant Date and ending on the third anniversary of the Grant Date.

### Awards vesting during the year

On 5 October 2021, market value share options made in 2018 under the CSOP to Peter Butterfield and Andrew Franklin vested 100% based on the achievement of the EPS target for the financial year ending 31 December 2020 of 4.58p (being RPI+2% per annum over the three year performance period).

On 27 October 2021, market value share options made in 2016 under the CSOP to Peter Butterfield and Andrew Franklin vested 100% based on the achievement of an EPS target for the financial year ending 31 December 2020 of 4.52p (being RPI+2% p.a. over the five year performance period).

Details of the number of shares vesting and the relevant exercise prices for these option awards are set out in the table on page 73.



The closing mid-market price of Ordinary shares on 31 December 2021 (being the last dealing day in the calendar year) was 108.8p and the range during the year was from 82.0p to 110.0p.

## Remuneration Committee Report continued

## DIRECTORS' REMUNERATION CONTINUED

## Share incentive awards

Executive Directors hold options through the Company's share option and long-term incentive plans. Details of options held under the Company's employee share schemes by the Directors as at 31 December 2021 and who served during the year are as shown opposite. Shares are retained as required in order to comply with the Company's Share Ownership Policy for which details are provided on page 74.

On 21 April 2021, Peter Butterfield exercised 205,000 options over Ordinary shares of 1p each granted to him by the Company under the CSOP in 2017. The exercise price was 53.0p per share. 93,000 shares were then subsequently sold at a market price of 95.4p per share.

On 19 November 2021, Peter Butterfield exercised 500,000 options over Ordinary shares of 1p each granted to him by the Company under the CSOP in 2016. The exercise price was 47.5p per share. 269,417 shares were then subsequently sold at a market price of 102.5p per share.

## Peter Butterfield

Type of award	Date of grant	Exercise price (p)	Performance condition	No. of options granted	Vested	Exercised	Lapsed	Number of options capable of exercise	Exercisable from	Exercisable to
CSOP Unapproved	27-Oct-16	47.50	EPS	1,000,000	1,000,000	500,000	-	500,000	27-Oct-21	27-Oct-26
CSOP Unapproved	15-Sep-17	53.00	EPS	148,397	148,397	148,397	-	-	15-Sep-20	15-Sep-27
CSOP Approved	15-Sep-17	53.00	EPS	56,603	56,603	56,603	-	-	15-Sep-20	15-Sep-27
CSOP Unapproved	05-Oct-18	81.60	EPS	1,250,000	1,250,000	-	-	1,250,000	05-Oct-21	05-Oct-28
CSOP Unapproved	05-Dec-19	76.90	EPS & TSR	137,500	-	-	-	-	05-Dec-22	05-Dec-29
LTIP	05-Dec-19	Nil	EPS & TSR	196,684	-	-	-	-	05-Dec-22	05-Dec-23
CSOP Unapproved	23-Sep-20	73.70	EPS & TSR	165,000	-	-	-	-	23-Sep-23	23-Sep-24
LTIP	23-Sep-20	Nil	EPS & TSR	246,269	-	-	-	-	23-Sep-23	23-Sep-24
CSOP Unapproved	29-Sep-21	102.80	EPS & TSR	139,943	-	-	-	-	29-Sep-24	29-Sep-31
CSOP Approved	29-Sep-21	102.80	EPS & TSR	29,182	-	-	-	-	29-Sep-24	29-Sep-31
LTIP	29-Sep-21	Nil	EPS & TSR	180,970	-	-	-	-	29-Sep-24	29-Sep-25
				3,550,548	2,455,000	705,000	-	1,750,000		

## Andrew Franklin

Type of award	Date of grant	Exercise price (p)	Performance condition	No. of options granted	Vested	Exercised	Lapsed	Number of options capable of exercise	Exercisable from	Exercisable to
CSOP Unapproved	04-Dec-15	46.75	No	1,935,829	1,935,829	1,435,829	-	500,000	04-Dec-18	04-Dec-25
CSOP Unapproved	27-Oct-16	47.50	EPS	155,000	155,000	-	-	155,000	27-Oct-19	27-Oct-26
CSOP Unapproved	27-Oct-16	47.50	EPS	400,000	400,000	-	-	400,000	27-Oct-21	27-Oct-26
CSOP Unapproved	15-Sep-17	53.00	EPS	170,000	170,000	-	-	170,000	15-Sep-20	15-Sep-27
CSOP Unapproved	05-Oct-18	81.60	EPS	178,000	178,000	-	-	178,000	05-Oct-21	05-Oct-28
CSOP Approved	05-Dec-19	76.90	EPS & TSR	39,011	-	-	-	-	05-Dec-22	05-Dec-29
CSOP Unapproved	05-Dec-19	76.90	EPS & TSR	55,989	-	-	-	-	05-Dec-22	05-Dec-29
LTIP	05-Dec-19	Nil	EPS & TSR	111,183	-	-	-	-	05-Dec-22	05-Dec-23
CSOP Unapproved	23-Sep-20	73.70	EPS & TSR	110,000	-	-	-	-	23-Sep-23	23-Sep-24
LTIP	23-Sep-20	Nil	EPS & TSR	134,328	-	-	-	-	23-Sep-23	23-Sep-24
CSOP Unapproved	29-Sep-21	102.80	EPS & TSR	115,000	-	-	-	-	29-Sep-24	29-Sep-31
LTIP	29-Sep-21	Nil	EPS & TSR	100,681	-	-	-	-	29-Sep-24	29-Sep-25
				3,505,021	2,838,829	1,435,829	-	1,403,000		

Andrew Franklin did not exercise any share options during the year.

## Remuneration Committee Report continued

### DIRECTORS' REMUNERATION CONTINUED

#### Directors' interests and shareholdings

##### Share ownership policy

The Company operates a share ownership policy under which the Executive Directors and certain other employees are required when exercising options to acquire and maintain an interest in Alliance Pharma shares up to a percentage of base salary. The policy requires Executive Directors, when they exercise options, to retain shares in the Company with a value equal to 50% of the net gain (post costs and settlement of tax liabilities) until such time as the required level of shareholding is achieved.

Once an Executive Director has built a stake in the Company equal to the required levels, they are free to exercise without having to retain shares. Interests may also be maintained as a result of a Director acquiring Ordinary shares in the open market. The Company Secretary maintains a record of individual required levels and qualifying interests based on information provided by an individual subject to this policy and reports periodically to the Remuneration Committee regarding compliance. Pursuant to the policy, 50% of the value of any vested but unexercised awards count towards the holding requirements. Ordinary shares are valued at their market value at the time of any calculation carried out using the previous day's closing middle market quotation.

From 1 April 2021, the holding requirements under the share ownership policy increased from 100% to 200% of base salary for the CEO and from 100% to the 150% of base salary for the CFO.

As at 21 March 2022, the Executive Directors hold the following interests in Ordinary shares of the Company:

Director		Percentage of salary	2021 Base salary	Shareholding	Vested but unexercised awards	Value of holdings*	% achieved
Peter Butterfield	CEO	200%	£338,250	442,104	1,750,000	£838,504	248%
Andrew Franklin	CFO	150%	£230,000	128,384	1,403,000	£558,129	243%

\* At the closing market price on 21 March 2022: 111.4p.

The following table shows the interests of the Directors (and their spouses and minor children) in the shares of the Company.

Director	At 31 December 2020			At 31 December 2021		
	Beneficial	Non-beneficial	Total	Beneficial	Non-beneficial	Total
Peter Butterfield	412,461	–	412,461	<b>442,104</b>	–	<b>442,104</b>
Andrew Franklin	128,384	–	128,384	<b>128,384</b>	–	<b>128,384</b>
David Cook	234,129	–	234,129	<b>234,129</b>	–	<b>234,129</b>
Richard Jones	15,000	–	15,000	<b>15,000</b>	–	<b>15,000</b>
Jo LeCouilliard	–	–	–	–	–	–
Kristof Neiryneck	–	–	–	–	–	–



## Remuneration Committee Report continued

### DIRECTORS' REMUNERATION CONTINUED

#### Directors' service contracts

All Executive Directors are employed under 12-month rolling service contracts. The services of all Executive Directors may be terminated (i) by the Company or individual giving 12 months' notice or (ii) immediately, in the event that the Director is not re-elected by shareholders at an AGM.

Executive Director		Date of appointment	Date of current contract	Unexpired term	Notice period (Company)	Notice period (Director)
Peter Butterfield	Chief Executive	22/02/2010	05/08/2010	Rolling 12 months	12 months	12 months
Andrew Franklin	Chief Financial Officer	28/09/2015	25/06/2015	Rolling 12 months	12 months	12 months

The Non-executive Directors are employed under letters of engagement which may be terminated by the Company by (i) giving the appropriate notice, or (ii) immediately, in the event that the Director is not re-elected by shareholders at an AGM.

Non-executive Director		First date of appointment	Current term	Unexpired term
David Cook	Chair & Independent NED	01/04/2014	4 years	13 Months
Jo LeCouilliard	Independent NED	01/01/2019	5 years	22 Months
Richard Jones	Independent NED	01/01/2019	5 years	22 Months
Kristof Neiryck	Independent NED	01/12/2021	5 years	57 Months

The Executive Directors' service contracts and Chairman and Non-executive Directors' letters of appointment are available for inspection by shareholders at the Company's registered office or by emailing the Company Secretary at [Company.Secretary@AlliancePharma.co.uk](mailto:Company.Secretary@AlliancePharma.co.uk).

## ESG Committee Report



**“Driving ESG and the sustainability agenda is a real positive step benefiting all stakeholders across our business and its operations”**

# ESG Committee Report

### Chairman’s statement

I am pleased to be introducing the first report from the ESG Committee (the ‘Committee’).

This Committee was newly formed in 2021 and during the last year it has been busy getting to grips with issues associated with our approach to sustainability, environmental considerations including climate change, government policies, metrics, reporting requirements, and investor and other stakeholder needs all of whom are engaging with this much-needed agenda.

In this report we set out the Committee’s responsibilities and report on the activities of the Committee during the year. The business sees this as a much needed and positive step forward and there has been good engagement with our various stakeholders.

In particular, the Committee would like to thank our employees who took part in the workshops which preceded the creation of the Sustainability Forum and to those shareholders who have also worked with us to help us better understand responsible investing.

The Committee looks forward to building on all the hard work being done.

**David Cook**  
ESG Committee Chairman

30 March 2022

## ESG Committee Report continued

### The role of the Committee

The ESG Committee's primary role is to review the overarching ESG vision for the Company and ensure that the priorities are anchored and an integral part of the Company's overall strategy.

### Duties of the Committee

The duties of the Committee include:

- › To ensure that the views of stakeholder groups on ESG matters are solicited and understood to inform the Company's long-term strategic decisions.
- › To identify the relevant ESG priorities that most significantly impact the Company and its stakeholders, its reputation and public interest role.
- › To assist in defining and executing the Company's strategy and, in so doing, agree the annual plan and targets relating to ESG matters.
- › To review the Company's performance against its annual plan and ESG targets, initiatives and commitments.
- › To guide the Company's ESG communication strategy.
- › To ensure that ESG priorities are reflected in the Company's culture through its purpose, vision, values and behaviours as well as its supplier code of conduct.

### Committee membership

All Board members currently sit in the Committee and have the right to attend meetings.

The Committee works closely with the SLT and meetings are also attended by the Corporate Sustainability Lead. Others are invited to attend as appropriate to support the Committee with discussions.

### Committee membership changes

Nigel Clifford stepped down from the Committee on the 30 April 2021. With effect from 1 December, Kristof Neiryck was appointed a member of the ESG Committee.

### Attendance

During the year, the Committee held three scheduled meetings and reported on its activities to the Board.

### ESG Committee

**3** Meetings – 100% attendance

Member	Role	Status	Attendance
David Cook	Chairman	Independent	3/3
Peter Butterfield	CEO	–	3/3
Andrew Franklin	CFO	–	3/3
Jo LeCouilliard	NED	Independent	3/3
Richard Jones	NED	Independent	3/3
Kristof Neiryck	NED	Independent	3/3

### Activities of the Committee

An overview of our approach and sustainability framework can be found on page 25.

### Activities

- › Reviewed 2021 and 2022 objectives and sustainability framework and initiatives.
- › Received investor presentations to understand ESG investor perspectives.
- › Reviewed feedback from one to one meetings held with investors to understand their objectives.
- › Reviewed the mapping of Alliance's sustainability disclosures and accounting metrics to SASB.
- › Reviewed the Company's ratings with MSCI and Sustainalytics.
- › Appointed energy consultancy firm to help shape the medium-term ambition particularly in areas of TCFD and Scope 3 emissions, supply chain management and development of key metrics.
- › Oversaw the Company's environmental strategy, carbon action plan and sustainable packaging strategy.
- › Liaised with Remuneration Committee to develop ESG link to remuneration strategy.
- › Reviewed the Acting Responsibly section on the corporate website.

## Task Force on Climate-related Financial Disclosures (TCFD)

The purpose of the TCFD recommendations is to provide a foundation to improve investors' and others' ability to appropriately assess and price climate-related risks and opportunities. The recommended disclosures are structured around four thematic areas that represent core areas of how organisations operate: governance, strategy, risk management, and metrics and targets.

We are still in the early stages of evaluating the impact of climate change on our business and strategy. As part of our 2021 reporting, we are therefore making partial disclosures, setting out our approach to climate-related issues as they relate to governance, strategy and risk management, together with those metrics which we are currently able to provide.

We are looking to undertake the scenario analysis required to enable us to provide more extensive disclosures in line with TCFD recommendations in 2022, as we progress our wider environmental sustainability strategy. This will form part of our reporting for the year ended 31 December 2022.

Recommendation	Response	Further information
<p><b>Governance</b></p> <p>Disclose the organisation's governance around climate-related risks and opportunities.</p> <p>a) Describe the Board's oversight of climate-related risks and opportunities.</p> <p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>The ESG Committee is responsible for setting the Group's overarching sustainability strategy, including its environmental strategy, and for identifying relevant ESG priorities that most significantly impact the Group, including those relating to climate change.</p> <p>The SLT, supported by the Corporate Sustainability Lead, is responsible for operationalising this strategy.</p>	<p>Governance – ESG Committee Report – page 76</p>
<p><b>Strategy</b></p> <p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.</p> <p>a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p> <p>b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</p> <p>c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>The actual and potential impacts of climate-related risks and opportunities on the Group's business, strategy and financial planning have yet to be fully quantified. We are therefore unable to determine the extent to which these are likely to be material. Given the nature of our business and our operating model, whilst there are likely to be some financial and operational impacts, at this stage we have yet to determine the extent to which these may be material.</p> <p>We expect to complete the scenario analysis required to enable us to make a proper assessment during 2022.</p>	<p>Environmental Strategy – page 33</p>

## Task Force on Climate-related Financial Disclosures (TCFD) continued

Recommendation	Response	Further information
<p><b>Risk Management</b></p> <p>Disclose how the organisation identifies, assesses, and manages climate-related risks.</p> <p>a) Describe the organisation's processes for identifying and assessing climate-related risks.</p> <p>b) Describe the organisation's processes for managing climate-related risks.</p> <p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.</p>	<p>Climate change has been identified as an emerging risk, on the basis that we do not currently have sufficient clarity around it to be able to assess its likely impact, and the likelihood of this impact occurring.</p> <p>The risk has been included on the Group risk register and is being managed as part of the Group's wider risk management framework, under the oversight of the Board with the support of the Audit and Risk Committee</p>	<p>Principal Risks and Uncertainties – pages 39–45</p>
<p><b>Metrics &amp; Targets</b></p> <p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p> <p>a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p> <p>c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>	<p>Additional information on metrics and targets used to assess and manage relevant climate-related risks, to the extent that they are material, will be provided as part of our 2022 reporting once we have completed the required scenario analysis.</p> <p>Our Scope 1 &amp; 2 GHG emissions for our UK operations for 2021 are included as part of our Streamlined Energy and Carbon Reporting (SECR)</p> <p>In 2021, we quantified our Scope 3 GHG emissions for 2020. This led to 'Environmental impacts – supply chain and logistics' being included as one of the eight Areas of Focus within our Sustainability Framework. We intend to publish emissions reductions targets in late 2022 for Scopes 1 &amp; 2 and are aiming to set Scope 3 targets in 2023.</p>	<p>Environmental Strategy – page 33</p> <p>SECR – page 83</p> <p>Sustainability Overview – pages 25–27</p> <p>Sustainability Performance – page 28–32</p>

## Directors' Report

### Scope of this report

The Directors present their Annual Report, together with the audited financial statements of the Company and the Group, for the year ended 31 December 2021.

The Directors' Report required under the Companies Act 2006 includes and comprises the Directors' biographies on pages 48 and 49, the Governance statement on pages 50 to 55, the Remuneration Committee Report on pages 65 to 75 and the Strategic Report on pages 06 to 45.

As permitted under the Companies Act 2006, certain matters which would otherwise need to be included in this Directors' Report have instead been discussed in the Strategic Report on pages 06 to 45. These matters include any important post-balance sheet events, the likely future developments in the business of the Company and its subsidiaries, the activities of the Company and its subsidiaries in the field of research and development.

### Principal activities

The principal activity of the Company is to act as a holding company. The principal activity of the Group is the acquisition, marketing and distribution of consumer healthcare and pharmaceutical products.

### Branches

A list of the Group's subsidiaries and associated undertakings can be found on pages 121 and 122 under note 13 to the financial statements. There are no branches of the Company outside the UK. Alliance Pharmaceuticals GmbH, a company within the Alliance Group, has a Swiss branch which operates under the name Alliance Pharmaceuticals GmbH Düsseldorf, Zweigniederlassung Uster.

### Directors

Names and biographical details of the Directors of the Company at the date of this report are shown on pages 48 and 49. The rules setting out the powers of Directors, their appointment and replacement is set out in the Company's Articles of Association. Further information on the process can be found on page 59 of the Nomination Committee Report.

Details of Executive Directors' service contracts and letters of appointment for Non-executive Directors can be found in the Remuneration Report on page 75. All Directors put themselves forward for annual re-election at the Company's Annual General Meeting.

### Directors' indemnities

The Company's Articles of Association contain provision for Directors to be indemnified (including the funding of defence costs) to the extent permitted by the Companies Act 2006.

This indemnity would only be available if judgement was given in the individual's favour, or he or she was acquitted, or relief under the Companies Act 2006 was granted by the court. There were no qualifying pension scheme indemnity provisions in force during the year.

### Share capital and shareholders' rights

The Company's issued share capital as at the 21 March 2022 is 538,658,812 Ordinary shares of 1p each. Each Ordinary share carries one vote at general meetings of the Company. There are no restrictions on the transfer of Ordinary shares other than restrictions, which may from time to time be imposed by law. The Company is not aware of any agreements between shareholders that may restrict transfer of securities or voting rights.

The Company has no shareholder authority to acquire its own shares.

### Dividends

The Board declared an interim dividend in respect of the year ending 2021 of 0.563p per share (2020: 0.536p) which was paid on 7 January 2022. The Directors are recommending a final dividend of 1.128p per share (2020: 1.074p) which, subject to shareholders' approval at the AGM, will be paid on 7 July 2022 to shareholders on the register at close of business on 10 June 2022.

The total dividend paid and proposed in respect of the year ended 31 December 2021 is therefore 1.691p per share (2020: 1.610p).

### Substantial shareholdings

As at the 21 March 2022, as required under AIM and certain disclosure rules, the Company has been notified of the major shareholdings in the table below. Both the number of shares held, and the percentage holding are stated as at the latest date of notification to the Company. Details of all major shareholdings can also be found in the Investor section of the Company's website.

Shareholder	Number of shares held	Percentage of issued share capital
Fidelity Mgt & Research	53,913,307	10.01%
Slater Investment	49,692,096	9.23%
Van Lanschot Kempen	42,254,750	7.84%
Blackrock Inc.	34,648,461	6.43%
Investec Group	24,825,908	4.61%
Rathbone plc	20,626,281	3.83%
Polar Capital Holdings	19,096,921	3.55%
Royal Bank of Canada	16,197,254	3.01%



## Directors' Report continued

### Company share incentive plans

The Company operates two incentive share plans.

#### The Alliance Company Share Option Plan 2015 (CSOP)

For many years, the Company has operated a CSOP under which all employees are eligible to receive awards in the form of market value options. At the discretion of the Committee, awards are typically granted subject to a three-year vesting period and following maturity, participants have a seven-year period in which to exercise their options.

Options awarded are based on one share for every £2 of salary and where appropriate may attract HMRC tax advantages. Employees based outside of the UK will receive non-tax advantaged share option awards and, where this is not possible, the Committee considers awards in the form of share appreciation rights.

All awards granted to Executive Directors and Senior Management are subject to performance conditions. These are explained in the Remuneration Committee Report on pages 71 and 72.

#### The Alliance Long-Term Incentive Plan 2019 (LTIP)

In 2019, the Company introduced the LTIP which forms part of the remuneration strategy for the Executive Directors and members of the Senior Leadership Team. Awards are granted in the form of nil-cost share options based on a percentage of base salary. All awards granted under the LTIP are subject to performance conditions and malus and clawback provisions. Subject to achieving the performance conditions set by the Committee, such awards will vest three years from the date of grant and participants will have 12 months in which to exercise any vested award.

Details in relation to awards granted to the Company's Executive Directors are contained in the Remuneration Report on page 73.

#### Employee Benefit Trust (EBT/Trust) and management of dilution

The Company manages dilution rates within the standard guidelines. In 2017 the Group established the Alliance Pharma Employee Benefit Trust to facilitate the acquisition of Ordinary shares in the Company for the purpose of satisfying awards granted under share option schemes. The Group has been operating the Trust to help manage dilution limits in line with good practice.

The Trust is administered by an independent Trustee who operates the Trust independently of the Group. The EBT is a discretionary trust, the sole beneficiaries being employees (including Executive Directors) of the Group who have received applicable awards.

The Trustees must act in the best interests of the beneficiaries as a whole and will exercise their discretion in deciding whether or not to act on any recommendations proposed by the Company. Any assets held by the Trust would be consolidated into the Group's financial statements.

The Company may grant awards on the basis that it is the Company's intention to settle the exercise of awards through shares purchased in the open market on an arm's length basis. Awards granted and settled in this way are not included in the Company's headroom and dilution calculation. The Group may fund (although it has not yet needed to and therefore has not done so) the EBT to purchase on the EBT's own account shares in the Company on the open market. This is in return for the EBT agreeing to use the shares in the Company that it holds to satisfy certain outstanding awards made under the Company's share option schemes. The purchasing in the market of shares to

satisfy the exercise of options places a cash requirement on the business. To date, no shares have been purchased by the Trust for satisfaction of outstanding or future share option awards.

To further help manage dilution limits, and where appropriate and agreed with the Committee, share options are net settled upon exercise.

#### Employee share dealing and share ownership

In accordance with AIM Rule 21, all employees are made aware of and are required to comply with the Company's Share Dealing Policy when dealing in the Company's shares or exercising options over shares. The Dealing Code sets out the rules relating to close periods, clearance procedures, time frames and disclosure requirements.

The Company operates a share ownership policy under which the Executive Directors and certain other employees are required, when exercising options, to acquire and maintain an interest in Alliance Pharma shares up to a percentage of base salary, details of which can be found on page 70.

## Directors' Report continued

### Accounting policies, financial instruments and risks

Details of the Group's financial instruments and financial risk management disclosures can be found in note 21 of the Group financial statements on pages 125 to 129.

### Charitable donations

During the year ended 31 December 2021, the Group contributed £25,635 (2020: £121,000) to charitable causes.

### Political donations

No political donations or contributions were made, or political expenditure incurred during the period.

### Directors' obligations to the auditor

The Directors confirm that:

- › So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- › They have each taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Company's auditor

The Company intends to undertake a tender process for audit services and expects this process to be completed by Q3 2022. Notwithstanding such process, a resolution to re-appoint KPMG LLP will be proposed at this year's Annual General Meeting.

### Annual General Meeting

This year's AGM will be held on 18 May 2022, the business of which is set out in the Notice of Meeting. A circular containing the Notice of Meeting together with an explanatory letter from the Chairman accompanies the Annual Report and is also available on the Company's website.

Please note that following the Company's move to electronic communications, we are no longer producing hard copy forms of proxy. These are available on request from the Company's Registrars.

### Electronic communications

Shareholders are encouraged to move away from hard copy Company communications. This means that, instead of being obliged to send Annual Reports, notices of shareholder meetings and other documents to shareholders in hard copy by post, the Company can instead elect to publish them on its website at [www.alliancepharmaceuticals.com](http://www.alliancepharmaceuticals.com). Using the website and email allows us to reduce printing and postage costs and it is better for many shareholders who can choose and access just the information they need, from the website, at any time.

Shareholders still have the right to ask for paper versions of shareholder information, but we are strongly encouraging all shareholders to consider the electronic option.

Shareholders can also vote electronically using the following link, [www.signalshares.com](http://www.signalshares.com). Registering your details on the Link share portal also gives shareholders easy access to information about their shareholdings and the ability to vote at general meetings or appoint a proxy to vote.

## Directors' Report continued

### COMPLIANCE WITH THE STREAMLINED ENERGY AND CARBON REPORTING REQUIREMENTS

#### Annual reporting figures

The total consumption and emissions figures for energy supplies reportable by Alliance Pharma Plc.

#### Consumption (kWh) and greenhouse gas emissions (tCO<sub>2</sub>e) totals

The following figures show the consumption and associated emissions for this reporting year for our operations, with figures from the previous reporting period included for comparison.

Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

Scope 3 consumption and emissions relate to emissions resulting from sources not directly owned by us. This relates to grey fleet (business travel undertaken in employee-owned vehicles) only.

#### Totals

The total consumption (kWh) figures for reportable energy supplies are shown as follows:

Utility and Scope	2021 Consumption (kWh)	2020 Consumption (kWh)
Grid-supplied electricity (Scope 2)	256,103	241,399
Gaseous and other fuels (Scope 1)	10,644	10,644
Transportation (Scope 1 and 3)	144,186	100,864
<b>Total</b>	<b>410,933</b>	<b>352,907</b>

The total emission (tCO<sub>2</sub>e) figures for reportable energy supplies are set out below. Conversion factors utilised in these calculations are detailed in the appendix:

Utility and Scope	2021 Consumption (tCO <sub>2</sub> e)	2020 Consumption (tCO <sub>2</sub> e)
Grid-supplied electricity (Scope 2)	54.38	56.27
Gaseous and other fuels (Scope 1)	1.95	1.96
Transportation (Scope 1 and 3)	33.68	23.78
<b>Total</b>	<b>90.01</b>	<b>82.01</b>

#### Intensity metric

An intensity metric of tCO<sub>2</sub>e per £m turnover has been applied for our annual total emissions. The methodology of the intensity metric calculations are detailed in the appendix, and the results of this analysis are shown as follows:

Intensity Metric	2021 Intensity Metric	2020 Intensity Metric
tCO <sub>2</sub> e/£m turnover	0.70	0.75

#### Energy efficiency improvements

We are committed to year-on-year improvements in our operational energy efficiency. As such, a register of energy efficiency measures available to us has been compiled, with a view to implementing these measures in the next five years.

#### Measures ongoing and undertaken through 2021:

We have undertaken a programme of refurbishment and upgrading works at Avonbridge House, including:

- › Replacement of windows with thermally efficient argon-filled double glazing.
- › Completion of Air Conditioning upgrade.
- › Completion of Light Emitting Diode lighting upgrade.
- › Insulation of attic space.
- › Replacement of atrium glazing.

#### Measures prioritised for implementation in 2022:

We are actively looking at options for the installation of renewable energy generation at our Avonbridge site.

#### Appendix to SECR

##### Reporting methodology

Scope 1 and 2 consumption and CO<sub>2</sub>e emission data have been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published kWh gross calorific value (CV) and kgCO<sub>2</sub>e emissions factors relevant for reporting year 01/01/2021 – 31/12/2021:

##### Database 2021, Version 1.0.

For properties where Alliance Pharma is indirectly responsible for utilities (i.e. via a landlord or service charge), an average kWh/m<sup>2</sup> consumption was calculated at meter level, based upon CIBSE standard benchmarks and was applied to the properties with similar operations with no available data.

These full year estimations were applied to one electricity supply and one gas supply. These estimations equated to 7% of reported consumption.

Intensity metrics have been calculated utilising the 2021 reportable figures for the following metric, and tCO<sub>2</sub>e for both individual sources and total emissions were then divided by this figure to determine the tCO<sub>2</sub>e per metric:

- › Total turnover (£m) £128m

## Directors' Report continued

### Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and they have elected to prepare the parent Company financial statements on the same basis.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- › Select suitable accounting policies and then apply them consistently;

- › Make judgements and estimates that are reasonable, relevant and reliable;
- › State whether they have been prepared in accordance with UK-adopted international accounting standards;
- › Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- › Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are

free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



**Chris Chrysanthou**  
Company Secretary

30 March 2022