

2021 Corporate Social Responsibility Report



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Dear Madam, Dear Sir,

Corporate Social Responsibility (CSR) initiatives have boomed worldwide, and at Poxel, we want to be at the forefront of this, given its importance for the future. Indeed, since 2020, Poxel has initiated a process to formalize its CSR approach and improve its global strategy on this key topic.

A dedicated working group was formed, with commitment from all departments. This report represents the results of an 18-months work. This has been performed in parallel with the approval of our first product and the strategic shift that we have initiated in 2021 that led to our increased focus on rare diseases.

As Poxel's mission is to improve the health and well-being of patients through the development of innovative treatments for serious chronic diseases with metabolic pathophysiology, we believe that in order to fulfil this mission, it is both essential and beneficial for all stakeholders, including ourselves, that we perform our activities in the most responsible way, on social, governance and environmental aspects, the three pillars on which we have built our CSR strategy. We strive for CSR to be an integrated part of how we operate, and we intend to measure it, assess our progress over time, and communicate that to you.

I look forward to sharing our CSR improvements with you in the future.

Thank you,

Thomas Kuhn, CEO of Poxel.

1. Poxel vision

a. Business model

Poxel is an international clinical-stage biopharmaceutical company whose mission is focused on the development of novel treatments for serious chronic diseases with metabolic pathophysiology, including rare metabolic disorders and non-alcoholic steatohepatitis (NASH). With its expertise and understanding of cellular energy regulation pathways related to metabolic diseases, and know-how in the development of drug candidates, the Group is developing a portfolio of drug candidates, which includes: PXL770 and PXL065, for both the treatment of NASH and X-linked adrenoleukodystrophy (ALD), a rare disease.

Poxel was founded in 2009 through a spin-off of Merck Serono's metabolic-focused business. As part of this spin-off, the Group assumed key personnel for this group and assets from Merck Serono, including Imeglimin and the AMPK activator program that led to the Group's discovery of PXL770.

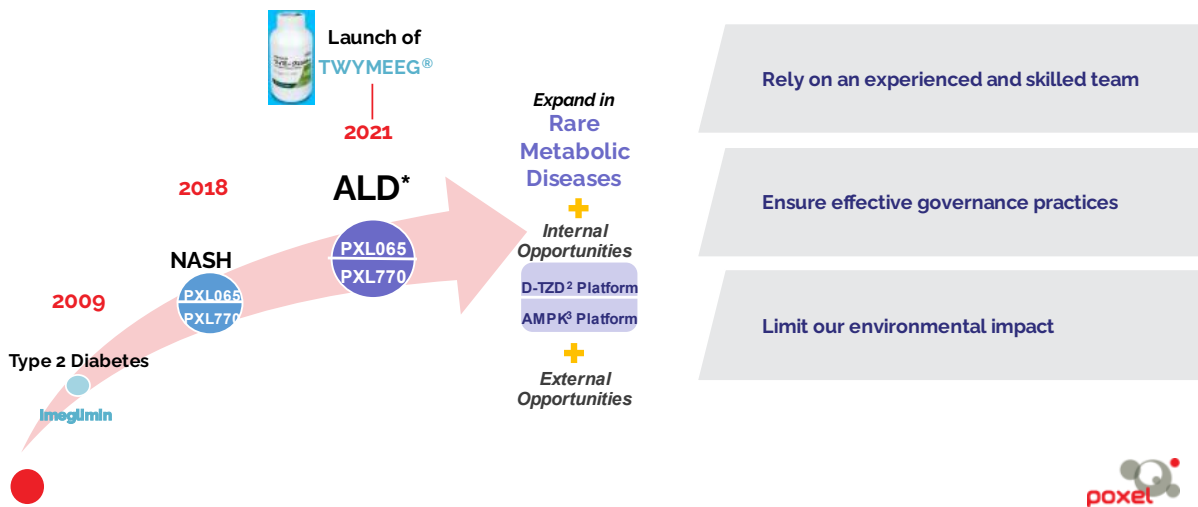
With its heritage in diabetes, Poxel's first product, Imeglimin, was approved in June 2021 for the treatment of type 2 diabetes in Japan and launched in September 2021 as Twymeeg® by the Group's partner, Sumitomo Pharma.

In a new chapter of the Group's evolution to bring novel therapies to patients, Poxel announced a strategic shift in July 2021 and intends to advance and expand its portfolio of clinical assets for both NASH and rare metabolic diseases, aligned with the Group's. To achieve its goal, the Group is pursuing the following strategies:

- Develop the two clinical candidates, PXL065 and PXL770, each with potential benefits in both NASH and ALD, and select one candidate to advance into a pivotal program for each indication;
- Explore combination strategies for PXL770 and PXL065 for the treatment of NASH;
- Increase its focus on rare metabolic diseases with the objective to advance and expand the Group's clinical pipeline of rare metabolic disease programs;
- Build a metabolic franchise through expanding the portfolio by discovering, developing or acquiring additional drug candidates and technologies;
- Advance Imeglimin for the treatment of type 2 diabetes to commercialization (outside Japan) with strategic partners;
- Maximize the commercial potential of the Group's wholly owned assets and opportunistically enter into strategic collaborations.

Poxel's Highlights

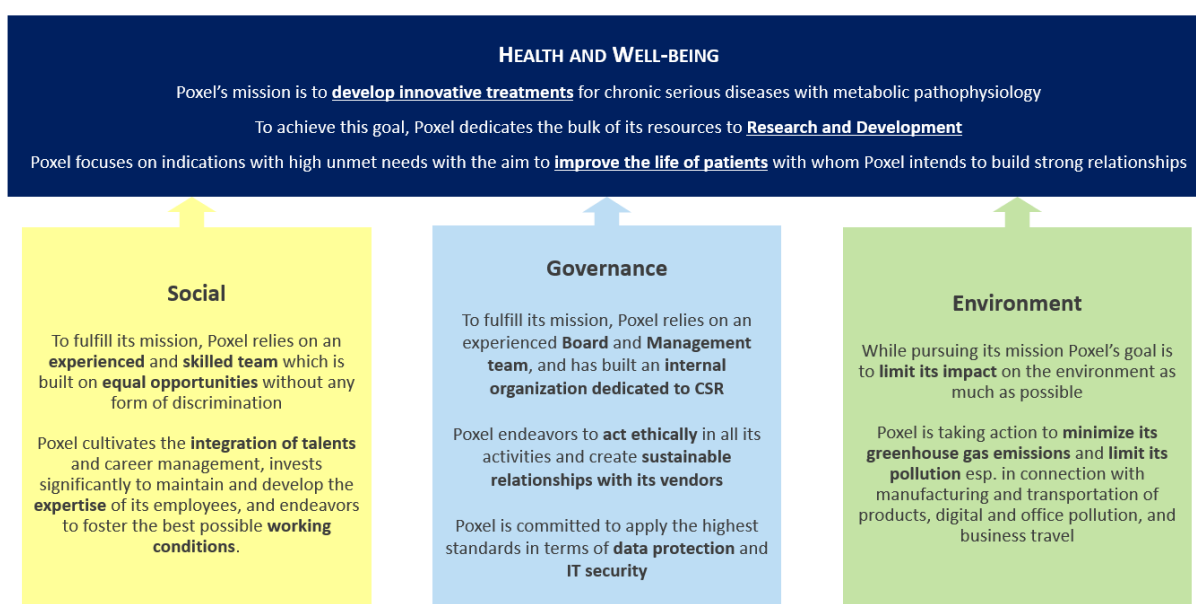
Improve the health and well-being of patients through the development of innovative treatments for serious chronic diseases with metabolic pathophysiology



b. CSR Strategy

In 2020, Poxel decided to implement a process to improve its global approach on CSR (See Section **Erreur ! Source du renvoi introuvable.** "Erreur ! Source du renvoi introuvable."). In this context Poxel structured and formalized its CSR strategy and decided to commit itself to specific goals and objectives.

Key axes of the CSR Strategy



Poxel's mission is to improve the health and well-being of patients through the development of innovative treatments for serious chronic diseases with metabolic pathophysiology. To achieve this goal, Poxel dedicates the bulk of its resources to research and development activities and focuses on indications with high unmet medical needs with the aim to improve the lives of patients, with whom Poxel intends to build strong relationships.

The CSR strategy of Poxel is founded on three axes, all directed towards the Group's mission:

- Poxel relies on an experienced and skilled team which is built on equal opportunities without any form of discrimination. Poxel cultivates the integration of talents and career management, invests significantly to maintain and develop the expertise of its employees, and endeavors to foster the best possible working conditions.
- Poxel also relies on a highly experienced Board of Directors and Management team and has built an internal organization dedicated to corporate social responsibility. Poxel endeavors to act ethically in all its activities and to create sustainable relationships with its vendors. The Group is also committed to apply the highest possible standards in terms of data protection and IT security.
- While pursuing its mission, Poxel's goal is to limit its impact on the environment as much as possible. Poxel is taking action to minimize its greenhouse gas emissions and limit its pollution, especially in connection with manufacturing and transportation of products, digital and office pollution, and business travel.

c. Poxel's commitments

Sustainable Development Goals (SDGs)

The United Nations "2030 Agenda" for Sustainable Development, adopted by 193 countries with the ambition to ensure a fair and inclusive transition to global sustainable development, has defined 17 Sustainable Development Goals (SDGs). Poxel is committed to contribute to the following SDGs:

	<p>GOAL 3: GOOD HEALTH AND WELL-BEING</p> <p>The core mission of Poxel is to deliver innovative treatments to improve health and well-being of patients suffering from serious chronic diseases with metabolic pathophysiology.</p>
	<p>GOAL 4: QUALITY EDUCATION</p> <p>Poxel maintains a high level of performance through a continuous training process for all employees (based on an external and internal training portfolio). Collaboration with Universities is developed in order to support interns and apprentices initiatives. Poxel is also publishing in renown scientific journals on a regular basis to contribute to the scientific community.</p>
	<p>GOAL 5: GENDER EQUALITY</p> <p>Poxel is pursuing various initiatives to promote gender equality and to raise awareness of any form of discrimination. The share of women in the workforce and at each management level is significant and Poxel intends to maintain this trend in the future.</p>
	<p>GOAL 9: INDUSTRY, INNOVATION, AND INFRASTRUCTURE</p> <p>Poxel dedicates the bulk of its resources to research and development and intends to continue contributing to innovation.</p>
	<p>GOAL 10 : REDUCED INEQUALITIES</p> <p>Poxel encourages women's careers and pays attention to wage inequalities</p>
	<p>GOAL 12: RESPONSIBLE PRODUCTION AND CONSUMPTION</p> <p>Poxel selects and audits its manufactures and other services providers through a rigorous process. It is a key focus for Poxel to ensure responsible production of its drug candidates.</p>
	<p>GOAL 13: CLIMATE ACTION</p> <p>Climate change is a global challenge that affects everyone, everywhere. Although Poxel has a relatively limited impact on climate change, Poxel is committed to better assess and limit its carbon footprint</p>
	<p>GOAL 17: PARTNERSHIPS</p> <p>Poxel intends to cooperate and take part in global initiatives and the local CSR ecosystem</p>

The Group intends to formalize measurable commitments to contribute to these SDGs in 2022.

CSR notation

Poxel is committed to participating in the global CSR data collection and analysis campaign of several rating agencies and investors including in the financial sector.

Since 2019, Poxel has been proactively answering the ESG data collection and analysis campaign of Gaïa Rating, ESG rating agency of Ethifinance. The Group has been rated on its level of transparency and performance for each of the criteria evaluated (Governance, Social, Environment, Stakeholders). This rating is used by leading management companies in their management processes and investment decisions. The results highlight the quality and good practices of the Group in terms of its CSR policy. The scores obtained since 2019 have been higher than the average score of the Gaïa panel.

CSR rankings	2021	2020
Poxel score at Gaïa index	60/100	55/100

Since 2020, Poxel also completed the annual ESG survey from BPI Tennaxia and the Fédération Française de l'Assurance. These surveys do not include a scoring of the participants.

Poxel intends to participate in additional CSR analysis campaigns in the future.

d. CSR organization

CSR Initiative

In the third quarter of 2020, Poxel decided to initiate a structured approach to CSR with the aim to formalize and improve the Group's strategy on CSR. This initiative is relying on the expectations from both external and internal stakeholders and is endorsed by the Group's governance bodies.

A first audit phase was concluded in the first quarter of 2021. The goal was to assess the Group's impact on CSR matters based on an Environment, Social and Governance (ESG) approach.

The Group conducted peer reviews and internal surveys, sent various questionnaires to its vendors and stakeholders, collected data and performed comparisons based on available benchmarks or public sources with the goal to evaluate the Group's impact, achievements and potential improvements for each pillar of ESG. It also endeavored to identify what Poxel did not yet know or measure.

More than 170 indicators were evaluated, and a diagnostic matrix was completed. The results of the audit were presented to the Board of Directors and the Management team of the Company.

Relying on the results of this audit phase, the Group defined its objectives and elaborated a 3-years action plan to improve across all three "E", "S" and "G" pillars.

The action plan was built based on the Group's needs, expectations and areas of improvement as well as around its core competencies. The objectives were mapped out and prioritized based on their potential impact on CSR, their potential cost and the ability of the Group to successfully implement them. The Group choose to prioritize actions which included quantifiable targets and were based on specific timelines. In parallel, the Group worked on the implementation of key performance indicators to allow the monitoring of its CSR impact over time.

The action plan was approved by the Board of Directors during its June 23, 2021 meeting and its implementation began immediately thereafter. Furthermore, the Board of Directors decided during its meeting held on January 27, 2022, that the successful implementation of the CSR action plan would be one of the criteria for the Group's 2022 objectives in connection with the variable compensation of the Chief Executive Officer as well as of all employees.

CSR governance structure

The Group's CSR initiative was launched through the creation of a cross-department working group.

As of the date of this report, the working group is composed of 9 members, representing the following departments of the Company:

- Project Management Office, Non-Clinical & Manufacturing
- Clinical Development and Regulatory Affairs
- Business Development and Investor Relations
- Finance and Administration
- Legal
- Quality Assurance
- Human Resources

The working group meets regularly, at least once a month, and is notably in charge of the implementation of the Group's CSR action plan, the monitoring of the key performance indicators and the diffusion of CSR related information to the entire team. All employees of the Group have been involved in the identification and launch of the Group's action plan and are taking an active part in its implementation.

In November 2021, M. Quentin Durand, member of the Executive Committee, was appointed Head of Corporate Social Responsibility in addition to his responsibilities as Chief Legal Officer with the task to ensure the implementation and monitoring of the CSR strategy. He is also responsible for the coordination of the work of the CSR cross department working group and for providing information on CSR impacts including long-term development and sustainability of the Group in connection with the strategic decisions of the Group.

In September 2021, the Board of Directors decided to amend the name and duties of its Nominating and Governance committee and to create a Nominating and Corporate Social Responsibility Committee. The objective of the Nominating & Corporate Social Responsibility Committee is to assist the Board of Directors on all CSR matters in connection with the Group's CSR strategy.

2. Main CSR risks and opportunities












a. Materiality Assessment

The Group conducted a review of its extra-financial risks. Main risks and issues are presented in the table below and developed within the framework of the present CSR report. The main policies put in place to limit these risks are developed subsequently.

Field	Description	Reference section
Fostering the integration and retention of talents	The Group's business model relies on a high degree of expertise. As such, talent management is a priority to integrate and retain key players and secure business continuity.	b
Dedicate the bulk of the Group resources to R&D	As a Group focused on innovation and development, most of the human resources and funds need to be dedicated to R&D.	b
Developing and maintaining skills	Maintaining a high level of team training is a major competitive challenge for the Group. A competitive team can generate innovation, unique scientific results and partnerships.	4
Ensure team satisfaction	Human capital is one of the main assets of the Group and the productivity of the employees is a key factor in competitiveness. Working conditions (quality of work environment, stress, respect for work-life balance, awareness of harassment) can lead to decrease or increase psychosocial risks.	a; e
Failure in compliance and quality	In case of non-compliance of R&D activities with regulatory requirements that set a high quality level expectations of services and products, there is a risk that the safety and health of patients will be compromised.	c
Impact on animal welfare	Clinical tests performed on animals expose the Group to controversies and recurring requests about the tests performed. The risk also relates to the lack of guarantee from suppliers at risk on their practices and compliance with clinical rules on animals.	c
Acting ethically	The Group is internationally established and exposed to risks related to its ethical conduct. Non-compliance with regulations, industry standards or a failure to comply with control mechanisms could lead to heavy administrative and criminal penalties for the Group and have negative impacts on its reputation.	b
Apply the highest possible standards of IT security and data protection	The Group is developing new treatments from pre-clinical studies to the marketing of drug candidates. As part of its clinical activities, personal and confidential data of patients is processed. A leak of this data is a risk for the Group and the trust that its patients place in it.	d
Creating sustainable relationships with vendors	Select appropriate and qualified vendors with a high level of experience in pharmaceutical development, and appropriate accreditations. Maintaining long term business relationships with suppliers allows the Group to be more efficient in its research and development activities.	c
Minimising greenhouse gas emissions and limiting pollution	Although the Group does not have any production site, it is committed to reduce the environmental impacts of its activities and pays particular attention to limiting pollution related to the conduct of its business: business travels, facilities, manufacturing and product transportation.	a
Deploy a responsible digital approach	The Group's activity is widely based on the use of digital tools. Controlling its impact requires the dissemination of good practices to all employees.	b

b. Key Performance Indicators

The Group identified several performance indicators to allow the monitoring of its CSR impact.

Risk / Issue	Key performance indicator	Applicable SDG
Dedicate the bulk of the Group resources to R&D	<ul style="list-style-type: none"> - R&D budget (percentage vs total operational expenses) - Number of employees in R&D (percentage vs total number of employees) 	
Develop innovative treatments for chronic serious metabolic diseases to improve the health and well-being of patients	<ul style="list-style-type: none"> - Pipeline progression (stage of development and number of programs) - Patents filed 	 
Providing employees with an optimal working environment	<ul style="list-style-type: none"> - Employee pulse survey score* - Absenteeism rate 	
Promote equal opportunities	<ul style="list-style-type: none"> - Share of women in the workforce - Share of women in management positions - Gender wage gap 	
Fostering the integration of talent and career management	<ul style="list-style-type: none"> - Compensation gap (CEO vs average and Median of employees) - Evolution of fixed compensation by level of responsibility 	
Ensure critical competencies adapted to the Group's needs to support its activities	<ul style="list-style-type: none"> - Number of employees - Average age of employees - Average seniority - Turnover rate 	
Create sustainable relationships with vendors	<ul style="list-style-type: none"> - % of vendors retained in accordance with CSR RFP policy 	
Apply the highest possible standards of IT security and data protection	<ul style="list-style-type: none"> - Number of IT intrusion tests conducted - Nr of IT attacks suffered - % of employees trained on IT security issues 	
Minimize Poxel's Greenhouse gas emissions and limit pollution	<ul style="list-style-type: none"> - Level of greenhouse gas emissions* - Total energy consumption* - Share of renewable energy (MWh)* 	
Deploy a responsible digital approach	<ul style="list-style-type: none"> - Weight of stored data - Weight of discarded IT equipment (in kg)* - Share of discarded IT equipment re-used/recycled 	

*Data not available for 2021.

3. Bring innovative treatments to patients suffering for serious chronic diseases with metabolic pathophysiology

a. Develop innovative treatments for serious chronic metabolic diseases to improve the health and well-being of patients

Poxel is an international clinical-stage biopharmaceutical company focused on the development of novel treatments for serious chronic diseases with metabolic pathophysiology, including rare metabolic disorders and non-alcoholic steatohepatitis (NASH). With its expertise and understanding of cellular energy regulation pathways related to metabolic diseases, and know-how in the development of drug candidates, the Group is developing a portfolio of drug candidates, which includes: PXL770 and PXL065, for both the treatment of NASH and the rare disease, X-linked adrenoleukodystrophy (ALD). Poxel intends to advance into pivotal trials one program in NASH and one in ALD. Earlier stage programs focusing on chronic and rare metabolic indications are also in progress.

Poxel's first product, Imeglimin, was approved in June 2021 for the treatment of type 2 diabetes in Japan and launched in September 2021 as TWYMEEG® by the Group's partner, Sumitomo Pharma.

Following the recent approval of TWYMEEG® (Imeglimin) in Japan, in a new chapter of the Group's evolution, Poxel announced a strategic shift in July 2021 with the goal to advance and expand its portfolio of clinical assets for both NASH and rare metabolic diseases leveraging existing platforms and proven capabilities.

The table below sets forth details relating to the current stages of development of the Group's clinical and preclinical drug candidates in type 2 diabetes, rare diseases and NASH:

Robust Mid-to-Late Stage Metabolic Pipeline

Focus on Rare Metabolic Diseases and NASH

	Indication	MOA	Discovery / PC	PH 1	PH 2	PH 3	Approved / Marketed	Upcoming Milestones
NASH								
PXL065	NASH	Non-Genomic TZD ¹						<ul style="list-style-type: none"> Phase 2 results expected Q3 2022 505(b)(2) pathway
PXL770	NASH	AMPK ² Activator						<ul style="list-style-type: none"> Successful Phase 2a Study Evaluate next steps early 2023
Rare Metabolic Indications								
PXL770	ALD ³	AMPK Activator						<ul style="list-style-type: none"> Fast Track Designation granted April 2022 Initiate Phase 2a midyear 2022⁷
PXL065	ALD ³	Non-Genomic TZD						<ul style="list-style-type: none"> Fast Track Designation granted Feb 2022 Initiate Phase 2a midyear 2022⁷
PXL770 / Next-Gen AMPK	ADPKD ⁴	AMPK Activator						<ul style="list-style-type: none"> Completed preclinical; develop clinical strategy
Next-Gen D-TZD	Not Disclosed	Non-Genomic TZD						<ul style="list-style-type: none"> Select lead candidate(s)
Type 2 Diabetes (T2D)								
TWYMEEG® Japan / Asia ⁵ Sumitomo Pharma	T2D	MRC ⁶ Modulator						<ul style="list-style-type: none"> TWYMEEG approved for T2D in Japan in June 2021 Product launched September 2021 Poxel entitled to receive 8 -18% royalty on net sales
Imeglimin US / EU / Other	T2D	MRC Modulator						<ul style="list-style-type: none"> Considering specific territories partnerships



1. Deuterium-modified thiazolidinedione
2. AMP-kinase
3. X-linked Adrenoleukodystrophy
4. Autosomal dominant polycystic kidney disease

5. Includes: China, South Korea, Taiwan, Indonesia, Vietnam, Thailand, Malaysia, Philippines, Singapore, Myanmar, Cambodia, Laos
6. Mitochondrial Respiratory Chain
7. Subject to additional financing



Non-alcoholic steatohepatitis (NASH)

NASH is a severe form of non-alcoholic fatty liver disease (NAFLD) that results in an accumulation of fat in the liver and is one of the most common liver diseases in the United States. It affects approximately 20% of the world's population and up to 70% of type 2 diabetes patients. According to published estimates, about 10% to 30% of NAFLD patients also suffer from NASH. A scientific

publication in 2018 estimated that there were approximately 16.5 million prevalent NASH cases in the United States in 2015, which was projected to increase by 63% to 27.0 million cases by 2030.

With no approved drug treatments, NASH can lead to life-threatening conditions like cirrhosis, liver failure, liver cancer and death. NASH is considered one of the main causes of cirrhosis in adults. NASH is also under-diagnosed and is a silent disease, meaning patients have no symptoms until the first signs of liver failure appear. Many patients with NASH have type 2 diabetes (estimated 47%)¹ and many patients with type 2 diabetes also have NASH (estimated 26%)². In addition, patients with NASH and coexisting type 2 diabetes are more likely to have progressive fibrosis. Cases of liver cirrhosis related to NASH are the second leading cause of liver transplants in the United States and are expected in the next few years to become the leading cause of transplantation, ahead of hepatitis C and alcoholic cirrhosis.

Rare Metabolic Disease – X-Linked Adrenoleukodystrophy (ALD)

X-linked adrenoleukodystrophy – ALD – is a deadly, inherited rare metabolic disease characterized by neurodegeneration. ALD is a monogenic inborn error of metabolism due to mutations in the ABCD1 gene which encodes a key cellular fatty acid transporter – this defect results in accumulation of very long chain fatty acids (VLCFA) with resulting damage to several tissues in particular neurons.

ALD is increasingly being diagnosed based on the recent and broad-based adoption of newborn screening. Thus, the prevalence of ALD is similar to hemophilia or spinal muscular atrophy – about 20,000 in the US alone.³ Globally it may affect more than 400,000 people.

Forms of this disease include cerebral ALD (C-ALD) and adrenomyeloneuropathy (AMN) which is the most common form – typically occurring in adolescence through adulthood. AMN is characterized by chronic and progressive distal axonopathy involving the long tracts of the spinal cord and to a lesser extent the peripheral nerves resulting in progressive stiffness and weakness in the legs, impaired gait and balance, incontinence, and loss of sensation. As an X-linked disease, nearly all men with a diagnosis of ALD will develop AMN and are more severely affected, but many women also present with features of AMN with a later onset. C-ALD is characterized by inflammatory demyelination of cells in the brain and typically afflicts children, but many men with AMN may also develop cerebral disease; these white matter brain lesions lead to severe neurologic deficits and death.

There are currently no approved medicines for ALD (other than glucocorticoid supplements for associated adrenal insufficiency). Cerebral-ALD (C-ALD), when first detected in early childhood, can be treated with hematopoietic stem cell transplantation, but it is currently limited to early stage of C-ALD and this procedure is at risk of severe adverse reactions.

Type 2 Diabetes

According to the International Diabetes Foundation, in 2021 an estimated 537 million people between the ages of 20 and 79 are living with diabetes globally (1 in 10), with more than 90% of those affected having type 2 diabetes. This estimate is predicted to rise to 643 million by 2030 and 783 million by 2045. Diabetes caused at least USD 966 billion in total healthcare expenditures in 2021, a 316% increase over the last 15 years. Globally, 541 million adults have Impaired Glucose Tolerance, which places them at high risk of type 2 diabetes.

According to Decision Resources, Japan is the second largest diabetes market worldwide, behind the United States, with a compounded annual growth rate of more than 18% between 2008 and 2012 and

1 Younossi ZM et al; Hepatology 2016.

2 Cusi et al, Diabetes Obes Metab. 2017; Portillo/Cusi et al, J Clin Endocrinol Metab 2015

3 Bezman L. Am J Med Genet. 1998; 76:415-19.; Matteson J. Int J Neonatal Screen. 2021, 7:22

could grow by more than 20% by 2023. There are an increasing number of patients seeking treatment for diabetes in Japan, both type 1 and type 2.

For further details on the potential benefits of the Group's drug candidates for each of these indications please refer to Section 2.1 "Business" of the Universal Registration Document.

The Group's goal in the near future is to increase its focus on rare metabolic diseases with the objective to advance and expand the Group's clinical pipeline of rare metabolic disease programs through expanding the portfolio by discovering, developing or acquiring additional drug candidates and technologies. The Group believes that building such a metabolic franchise would bring significant improvements to the health and well-being of patients affected by serious metabolic diseases.

b. Dedicate the bulk of the Group's resources to Research and Development

The Group engages in substantial research and development efforts to develop potential treatments for type 2 diabetes, NASH and X-linked adrenoleukodystrophy (ALD) as well as to discover novel therapies.

Research and development activities and innovation are central to its activities as Poxel relies on its inventions and patents to create long term value ensure its sustainability. The Group filed 7 new patent applications in 2021 (compared to 3 new patent applications in 2020).

More than 62% of its human resources is assigned to research and development activities. The workforce includes three doctors, ten pharmacists, ten PhDs (some of whom are also doctors or pharmacists) and nineteen scientists.

The Group dedicates more than 70% of its financial resources to research and development demonstrating its commitment to develop innovative treatments. This amount is extremely significant compared to other industries and even within the pharmaceutical sector.

Resources dedicated to R&D	2021	2020
R&D budget (percentage vs total operational expenses)	70%	73%
Number of employees in R&D (percentage vs total number of employees)	63%	64%

The Group research and development efforts are currently focused on its drug candidates, PXL770 and PXL065 both for the treatment of NASH and X-linked adrenoleukodystrophy (ALD) and consist primarily of:

- expenses associated with third-party contractors and academic institutions involved in preclinical studies or clinical trials for PXL770 and PXL065;
- personnel expenses, including salaries, benefits and share-based compensation, for its 33 employees (on average in 2021) engaged in scientific research and development functions as well as conference and travel expenses;
- professional fees, including fees related to maintenance of its intellectual property portfolio;
- laboratories and allocated facilities expenses.

The following table summarizes its outsourced research and development expenses by drug candidate and preclinical program for the periods presented:

(In € thousands)	December 31, 2021	December 31, 2020
Imeglimin	481	1 410
PXL770	4 068	8 033
PXL065	11 759	7 533

Since inception, the Group has significantly invested in the development of its drug candidates with accumulated losses through December 31, 2021, of €179 million. The Group had a net loss of €23.8 million and €31.8 million for the years ended December 31, 2021, and 2020 respectively. The Group had cash and cash equivalents of €32.3 million as of December 31, 2021.

In the near future, the Group expects that its research and development costs will increase as drug candidates in later stages of clinical development generally have significant development costs due to the size and duration of later-stage clinical trials. The Group is committed to continue dedicating the bulk of its financial and human resources to research and development activities in order to bring innovative treatments to patients suffering from serious chronic metabolic diseases

c. Build strong relationships with patients and other stakeholders within the scientific community

As part of its strategy, Poxel is committed to building strong strategic relationships with patient advocacy groups, partners in the industry, academia and expert networks throughout the world. The Group has an established footprint in the field of metabolic diseases and already built a solid network of stakeholders within the scientific community.

Patient advocacy groups

In connection with its strategic shift announced in July 2021, the Group intends to advance and expand its portfolio of clinical assets for rare metabolic diseases. In this context, the Group believes essential to build strong relationships with patients to better understand the disease and their needs.

In 2021, the Group has established collaborations with several important patient advocacy groups in the field of X-linked adrenoleukodystrophy (ALD):



Poxel participated to several scientific and patient advocacy conferences related to X-linked adrenoleukodystrophy (ALD) and presented its programs. It sponsored several conferences organized by major advocacy organizations, such as ALD Connect, United Leukodystrophy Foundation, Alex TLC.

Partnerships

Since December 2017, Poxel has had a strategic partnership with Sumitomo Pharma for the development and commercialization of Imeglimin in Japan, China, South Korea, Taiwan and nine other Southeast Asian countries (Indonesia, Vietnam, Thailand, Malaysia, the Philippines, Singapore, Myanmar, Cambodia, and Laos).

In 2018, through an agreement with DeuteRx LLC, the Group acquired exclusive worldwide rights to PXL065, an innovative clinical-stage drug candidate for the treatment of NASH and X-linked adrenoleukodystrophy (ALD), which has successfully completed Phase 1 development. As part of the agreement with DeuteRx, the Group also acquired a portfolio of additional deuterated drug candidates for metabolic, specialty and rare diseases.

In May 2015, the Group entered into a license agreement with Enyo Pharma S.A.S, for its farnesoid X receptor, or FXR, agonist program. Enyo has launched the Phase 2 development program for hepatitis B and is studying its development potential for NASH. In July 2021, Enyo announced positive results for Vonafexor, in a Phase 2a study in NASH and topline interim results from two ongoing Phase 2a studies in chronic hepatitis B patients.

Poxel works closely with academic leaders in the fields of metabolic diseases, cardiovascular diseases, mitochondrial dysfunction and rare diseases. The Group has worked or made publications and presentations with the following institutions:

- University of Rouen, UMR INSERM 1096, France;
- Institution Henry Ford Health System, Detroit, Michigan 48202, United States of America;
- Universidad Pablo de Olavide – Centro Andaluz de Biología del Desarrollo (CABD), Spain;
- Centre for Metabolism, Obesity and Diabetes Research and Division of Endocrinology and Metabolism, Department of Medicine McMaster University, Hamilton, Ontario, Canada ;
- Department of Parasitology, Leiden University Medical Center, Leiden, The Netherlands.

Experts

Poxel is also surrounded by scientific boards composed of well-known experts in diabetology, clinical development and new formulations, to collect their opinion on the results obtained during development of the Group's drug candidates, as well as on the next R&D steps.

The Group has established four committees of experts for its programs:

- i. A Scientific Committee on NASH, composed of seven members, reputed hepatologists and opinion leaders in the United States and Europe, who are involved in the analysis of the results obtained on PXL770 and PXL065 and who make recommendations on future studies to be carried out.
- ii. A Scientific Advisory Board for Rare Metabolic Diseases, composed of seven members, reputed Scientifics and opinion leaders in the United States and Europe, who will shape Poxel's discovery and clinical-stage programs and further advance its mission to develop therapies for rare metabolic diseases and who advise on its expansion of its clinical programs, and initiate Phase 2a studies for ALD with both PXL065 and PXL770;
- iii. A Scientific Diabetes Committee composed of three members, reputed diabetologists and opinion leaders in the United States and Europe, who have been involved in the analysis of the clinical results obtained on Imeglimin since the origin of the Group and make recommendations on future studies to be carried out;
- iv. A second Scientific Committee on Diabetes, consisting of five members, reputed diabetologists and opinion leaders, in Japan, who make recommendations on product development strategy in Japan and who take part in the analysis of clinical results of studies conducted in Japan;

Finally, ad hoc experts are frequently enrolled for the development of the Group's drug candidates.

In 2021, the Group made 11 publications related to its programs (Imeglimin, PXL770 and PXL065) in renowned journals such as The Lancet Gastroenterology and Hepatology, Diabetes, Obesity and Metabolism, Cell Reports Medicine, Physiological Reports and Hepatology Communications.

In the future, Poxel intends to maintain its existing collaborations and further expand its network of stakeholders within the scientific community.

4. Build and foster a team of experts

To fulfill its mission, Poxel relies on a very experienced and skilled team which is built on equal opportunities without any form of discrimination. The team is composed of experts with extensive and proven experience in developing innovative treatment for metabolic diseases and rare disorders. Poxel invests significantly to maintain and develop the expertise of its employees and endeavors to place its team in the best possible working conditions.

With the appointment in 2021 of Mrs. Sylvie Bertrand as Vice President, Human Resources, the head of the Human Resources department is now a member of the Executive Committee of the Group. Poxel's Human Resources strategy has been structured to support Group's development and strategic orientations through adapted HR initiatives and mission aligned with Group's needs, supporting fulfillment of corporate objectives and contributing to employee's individual engagement, satisfaction and development.

A snapshot of the Group's workforce is set forth in the table below:



2021*	2020
56 employees	53 employees
<div></div> 49 employees in France <div></div> 3 employees in Japan <div></div> 5 employees in the United States	<div></div> 46 employees in France <div></div> 3 employees in Japan <div></div> 4 employees in the United States
66% women	66% women
42 years average age	41 years average age
3 doctors, 10 pharmacists, 10 PhDs**	4 doctors, 11 pharmacists, 8 PhDs**
44.6% seniors (more than 45 years old)	37.7% seniors (more than 45 years old)
4.1 years average length of service	3.6 years average length of service
More than 98% of the workforce has a permanent contract	More than 96% of the workforce has a permanent contract
Share of employees in management position 36.8%	Share of employees in management position 39.6%
Share of women in management positions 67%	Share of women in management positions 68%

*As December 31, 2021
**Some also doctors or pharmacists

a. Ensure critical competencies adapted to the Group's needs to support its activities

Attract and develop the best level of expertise

Poxel believes that excellence is the key to success. The Group is committed to ensuring a homogeneous and qualitative processes to attract, select and develop the best talents and skills adapted to its needs. As so, Poxel is composed of a talented and experienced professional teams who are committed to expand their know-how and passion for excellence daily. The Group's priority is to maintain its staff at the highest level of expertise especially through tailor made training programs (including personal coaching, MBA etc).

The Group endeavors to create the best working conditions to allow employees to focus on innovation and development as part of Poxel's mission to develop innovative treatments for chronic serious metabolic diseases to improve the health and well-being of patients. Human Resources approach is defined to continuously combine efficiency and social logic by taking care of the human capital and

developing knowledge, talents, skills, abilities, experience & intelligence possessed individually and collectively to support sustainable company growth.

Rely on a strong people development process

First and foremost, the Group supports employee's development and promotion through internal career paths. Priority is given to current employees when new positions are opening. Personalized support programs are defined in this case to accompany the person in her/his new role.

Recruitment processes have been defined in order to select the best talents, based on a strong analysis of the Group's needs through dedicated job-descriptions and considering the best match between both internal or external candidate's expectations, skills, behavior and the Group's organization and culture to bring guaranty of success.

Cooptation has been deployed to activate collaborators networks, who act as Group's ambassadors, and thus facilitate the access to experts from the same field and their recommendations. The use of external recruitment agencies, specialized in Biopharma industry and knowing Poxel for multiple years, allows the Group to extend the research when needed.

For the future, the objective of the Group is to build close relationships with universities in order to integrate adapted profiles as soon as they leave school.

b. Foster the integration of talent and career management

Integration of new talents and career management are Group priorities.

Onboarding and exit processes

Integration policy is involving both Human Resources, Management and Quality Assurance departments. Through this process, any newcomer at the Group experiments a tailor-made onboarding program based on several actions (welcome day, inductions with key members of the team, documentation, general training sessions on internal tools, astonishment report, confirmation meeting). Human resources also organize programs after any kind of long-term leave (more than 1 month).

Exit interview process is involving manager, human resources and CEO. This process is based on the following steps in order to maintain good relations even after the collaboration:

- Organize exit interviews with: 1- Manager; 2- Human Resources Department
- Analyze exit interview content to intent continuous improvement actions
- Communicate exit interview contents to the CEO
- Create a positive experience for the leaving person

Retention policy, compensation and benefits

In addition to its people development approach, the Group regularly implements measures to strengthen the commitment of its employees (e.g., interesting missions, versatility, working conditions, remuneration, benefits...)

These measures are meant to develop the attractiveness of the Group and to increase employees' engagement.

Turnover	2021	2020
Turnover rate	13,21%*	7,84%

**The increase in the turnover rate is mainly resulting from the increase of the Group's size and the consequences of Covid-19 outbreak.*

The compensation and benefits strategy of the Group is built on a long-term employees retention approach.

The first pillar relates to compensations. The compensation policy is relying on an internal pay scale reflecting position's responsibilities, impact on activities, level of expertise and allowing to guaranty internal equity. This scale is compared to the market on a regular basis in order to ensure competitiveness of the Group in a very competitive sector.

Compensation gap	2021	2020
CEO vs Average of all Poxel employees (1)	3,72	3,57
CEO vs Median of all Poxel employees (2)	5,77	5,41
CEO vs SMIC	22,61	21,95

(1) *The ratio has been calculated in application with the following formula: (Total Compensation of the Chief Executive Officer / Median annual compensation of the Group's employees)*

(2) *The ratio has been calculated in application with the following formula: (Total Compensation of the Chief Executive Officer / Average annual compensation of the Group's employees)*

Evolution of fixed compensation	2021	2020
% of increase of fixed compensation per FTE	4.94%	4.92%

The second pillar relates to benefits. The benefits policy is to invest on long term strategy to increase every single employee's motivation to contribute to the Group's success and development through the following axes in addition to a strong health cover plan (additional benefits are described in Section e "Provide employees with an optimal working environment"):

- Annual bonus: based on corporate objectives and depending on function's levels of responsibilities and impact on the Group as well as on individual results. The performance criteria used to determine variable compensation relies on a plan of precise objectives based on quantitative and qualitative criteria, which correspond to objectives common to the Group as well as on individual results. The corporate objectives are based on criteria including CSR, the financing of the Group as well as the performance of various key steps in the field of research and development and business development. The share of variable compensation for the workforce was of 15% for 2021 (compared to 18% for 2020);
- Performance shares: following the same conditions of attribution and calculated on Group's global results. The performance shares which can be granted are subject to a two-years acquisition period and an additional one-year lock-up period. The performance conditions set out for the purposes of the acquisition of the performance shares by the Board of Directors are based on precise objectives (quantitative and qualitative criteria) which include, (i) certain clinical milestones to be reached and (ii) certain business development milestones.

Benefits	2021
% of fully diluted capital potentially held employees on the basis of performance shares being under acquisition or vesting period	2,95%
% of non-diluted capital held by employees*	1,50%

*Founders excluded

Starting 2022, the Group intends to implement a formal "talent review process" in order to identify future needs and strengthen career paths for its talents.

Social dialogue

The Company refers to Pharmaceutical Industry Collective bargaining agreement.

In accordance with social representation regulations, the Company set up its first *Comité Social et Economique* (CSE) four years ago and is preparing to renew its members based on four-years mandates. This institution is composed of four staff representatives (two principals and two deputy representatives). Monthly meetings allow both Company and employees representatives to maintain a constructive dialogue driven by transparency, consultation, and attention.

An annual communication is planned at the level of the CSE to discuss the CSR action plan.

In 2022, the Group started to release a quarterly internal newsletter to provide broader information about Group's life, events and employees successes. In addition to those initiatives to maintain open social dialogue, Human Resources department is continuously developing proximity with all employees. The Group had no material litigation related to potential social or HR issues in 2021 or 2020.

Favor team's engagement

Poxel is sensitive to create best working conditions for its employees. To do so, the Group has implemented several activities to strengthen engagement and internal cohesion.

- Poxel days: monthly activities focused on wellness, team building, "get to know each other", learning and awareness
- One Coffee, one job: one job is under the spotlight once a month
- Corporate Calls: updated general information is shared with employees
- Corporate meetings: conferences, team building and corporate communication twice a year
- Internal newsletter
- Charities actions

Employee's satisfaction is measured on a regularly basis through assessments regarding:

- Working conditions & environment
- Social dialogue
- CSR approach and actions

Starting 2022, the Group intends to initiate a pulse survey which will take the form of a questionnaire sent to employees to better assess these items.

c. Promote equal opportunities

Whether at the time of recruitment or during the employee's life in the Group, Poxel is committed to diversity and equal opportunity.

Measures to avoid discriminations

The Group relies on a strong internal/external recruitment process based on factual needs and targeted skills. Job descriptions describe mission, responsibilities, interactions and skills or experience required to endorse the function.

The adequation between qualifications and Group's needs is the only criteria retained by the Group independently from any other consideration.

The Group ensures equal pay for equal work.

Gender equality policy

Poxel is committed to gender equity as demonstrated by the Group's gender balance. In 2021, 66,07% of the employees are women and 33,93% are men. The management position (21 employees) is mostly occupied by women (14 employees).

Gender equality	2021	2020
Share of women among total workforce	66,04%	66,07%
Share of women in management positions	67%	68%
Share of women within the 10 highest wages	30%	40%
Share of women within the Executive Committee	50%	50%

Compensation & benefits policy is built on an internal referential considering function, responsibilities and seniority without any other consideration.

Globally, the ratio of average woman wages against average men wages is 1,45 in France and 1,33 for the United States, justified by the difference of seniority and level of responsibilities of the benchmarked employees.

Several initiatives about gender inequality are taking place within the Group such as celebrating women's day and gender parity presentations.

Poxel intends to continue raising awareness on this particular topic and maintaining its current organization while further reducing the gender wage gap. The "*Pennicaud*" index will become a reference as soon as the critical mass of data to ensure the relevance of the system is reached.

Adopt a long-term "disability" policy

In 2019, the Group initiated the implementation of a policy to promote the integration of people recognized as disabled. The objective is to allow all conditions to be met so that persons with disabilities can come forward more easily. Poxel is committed to provide its disabled employees with necessary care and possible adaptations of positions.

After carrying out a diagnosis and identifying the challenges for the Group, an action plan around four axes was defined and has been implemented:

- Internal awareness - In November 2021, a Poxel week was dedicated to this subject to raise awareness and to train employees concerning the subject;
- Internal mobilization – An initiative with "Association Cœur de Bouchons" with the aim to help the association with the acquisition of specific equipment for disabled people was launched in November 2021;
- Team training - A member of the human resources team has been trained to become a disability referent;
- Recruitment and integration - Poxel is an equal opportunity employer that is committed to diversity and inclusion in the workplace and considers any profile that meets its need
- Collaboration with the sheltered and adapted work sector, in particular through service contracts with several *Établissement et service d'aide par le travail* (ESAT - employment of the disabled). The Group is working with two ESAT in 2021;
- Job retention and career support – The Group currently has 2.13% employees recognised as disabled workers (compared to 2.22% in 2020).

d. Develop and maintain skills

Maintaining a high level of team training is a major competitive challenge for the Group. A competitive team can generate innovation and unique partnerships. The staff is highly skilled, and the Group attaches great importance to maintaining this high individual level of knowledge and skill of each employee through an ambitious training plan. This training plan, established since 2017, is in line

with the Group's strategy and a focus on personal development of its employees and management of skills.

Skills management actions

The collection of training needs takes place in the first quarter of each year during the annual interviews and professional evaluations. These needs are then escalated and give rise to an arbitration with the HR Department and the CEO. On this occasion, individual career-building support is offered to each employee.

In 2021, despite the global sanitary and economic context, the Group continued to support the development of its employees: all employees benefit from training sessions in 2021 for a training contribution budget of around 2% of the payroll (out of a total initial budget of 6,78% of allocated payroll).

Monitoring of training plans	2021	2020
Number of training hours by employees	11.49*	31.3

**Decrease due to the Covid-19 outbreak*

In 2021, Poxel management team members followed the following training path: "*Top Management*" course for the 11 members of the Management Committee and "*Proximity Management*" course, which involved 6 employees.

The team skills development is mainly carried out through technical monitoring, for which each team is responsible, as well as through participation in symposia and conferences. Thus, the intervention of Poxel at the following conferences can be mentioned: in the field of NASH (NASH Summit, NASH-TAG, EASL, AASLD) and in the field of ALD (NORD Rare Summit, World Congress Neurology).

Career development

Management cycles are organized to ritualize performance and career development face to face meetings supported by a dedicated HR information system :

- Annual and professional interview for all employees - feed-back moment between employees and managers to assess the yearly performance and satisfaction, workload, training needs and general expectations on a common basis;
- Mid-year reviews for all employees - similar content to readjust objectives if needed and give intermediary feed-back;
- "Forfait jour" meeting for all employees - about work-life balance, Group's life and well-being in general.

In 2021, 3,57% of employees have been promoted, respecting gender equity (50% each).

e. Provide employees with an optimal working environment

By defining a prevention plan including policies (disconnection charter, home office agreement), parenthood management, social dialogue mechanisms, Poxel is committed to ensure the best possible conditions for work through adapted offices.

Work-life balance

As part of a reflection on a new and more operational work organization, the Group decided to implement home office through an agreement signed in January 2019 and defining the conditions for home office within the Group. In 2021, the home office agreement has been reviewed to satisfy evolution needs.

The Group is sensitive to create moments dedicated to exchanges between employees (at least two-days a week) as well as facilitating access to home office and giving employees the opportunity to reduce the time and risks associated with transport and manage work life balance up to two-days a week without any obligation.

This agreement is completed by a “right to disconnect” agreement implemented since 2019 for French employees, representing 87.5% of the Group workforce. This agreement aims at providing guidance for the use of IT and digital tools in line with the necessary respect of rest and holiday periods, as well as with work-life balance. This agreement is communicated to every employee. Managers and executives are expected to set an example and promoting good practices.

Protect the health and safety of our employees

The safety of the personnel and the management of the working conditions are fundamental for the sustainable development of the Group.

The staff has the necessary clearances and training for using the equipment and for keeping up with the health and safety requirements. Following negotiations with various agencies, the Group has signed a medical insurance contract offering advantageous guarantees to its employees. All employees also have access to a complementary insurance contract with extended guarantees, in the event of long-term sick leave / disability or death.

A “single occupational risk assessment document”, which has been updated in 2020 with Covid-19 measures, summarizes the main rules of workplace health and safety that employees must follow and presents the common rules applicable to all employees to allow them to evolve in satisfactory work and safety conditions. This document is made available to all employees.

Upon hiring and during the integration pathway of a new employee, awareness of stress management and psychosocial risks is considered. At the end of a period of one month, an informal intake report gives the incoming employee the opportunity to express himself on the management of the volume of work. A recruitment medical examination is organized for all staff. Subsequently, a medical examination is organized every two years.

In 2021, the Group did not identify any work or commuting accidents. No occupational disease or professional character and no permanent incapacity has been declared in 2021.

Absenteeism rate is the ratio between hours effectively worked by the entire staff of the Group and the theoretical hours on the same period (employees on permanent contract only).

Psychosocial risk signals	2021	2020
Absenteeism rate*	1,21%	1,82%

**Absenteeism rate is the ratio between hours effectively worked by the entire staff of the Group and the theoretical hours on the same period (employees on permanent contract only).*

The Group’s HR depart plans to implement a well-being at work policy in 2022, which will include warning signs of psychosocial risks, such as absenteeism.

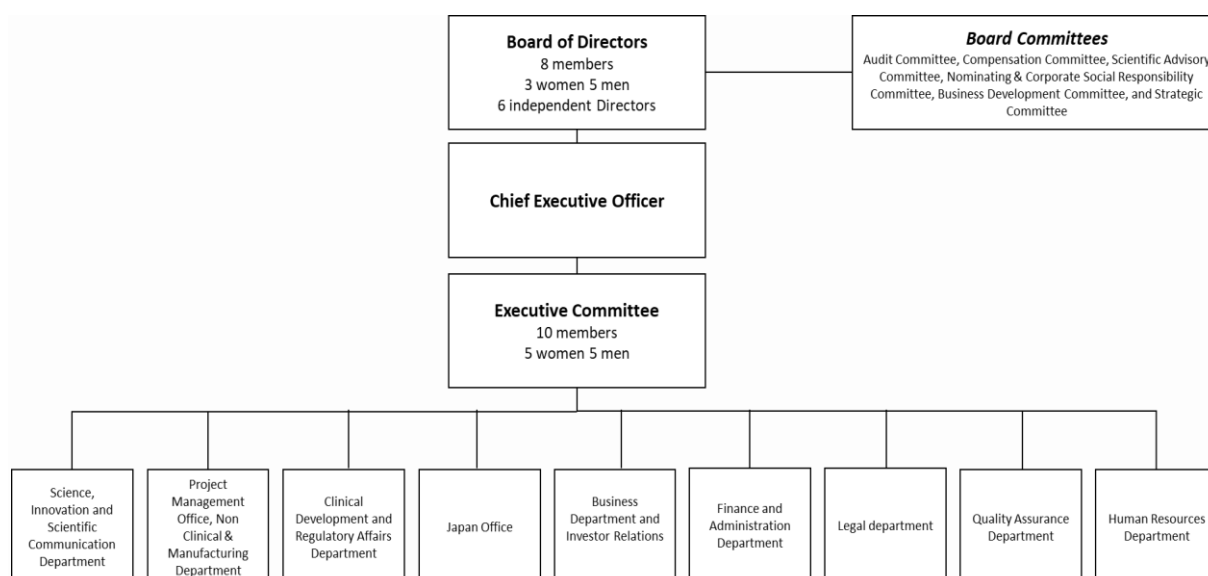
5. Ensure effective governance practices

To execute its strategy, Poxel relies on an experienced Board of Directors and Management team and has built an internal organization dedicated to corporate social responsibility (CSR) (See Section **Erreur ! Source du renvoi introuvable.** “*Erreur ! Source du renvoi introuvable.*”). Poxel endeavors to act ethically in all its activities and to create sustainable relationships with its vendors. The Group also applies the highest possible standards in terms of data protection and IT security considering the nature of data it handles including patient data.

a. Rely on an adequate governance structure

The Company is a French *Société anonyme à Conseil d'administration* - Public limited company with a Board of Directors, where the positions of Chairman and Chief Executive Officer are separate.

The governance structure of the Company can be summarized as follows:



The CSR governance structure of the Group is described in Section **Erreur ! Source du renvoi introuvable.** “Erreur ! Source du renvoi introuvable.”.

Board of Directors

The Company’s Board of Directors consists of eight members, of which three women. Six Directors are independent, who are appointed by the General Assembly Meeting of the shareholders for a three-years mandate. The Chairman of the Board is elected by the Board of Directors among its members.

The Board of Directors determines the direction of the Company’s business activities and oversees the implementation thereof in accordance with the Company’s social interest and taking into account social and environmental aspects of its activity.

The Board of Directors has set up six permanent specialized committees composed of Directors (Audit Committee, Compensation Committee, Scientific Advisory Committee, Nominating & Corporate Social Responsibility Committee, Business Development Committee, and Strategic Committee) to assist the Board of Directors in its work.

In 2021, the Board of Directors of the Company met 7 times (compared to 9 times in 2020). The average of the Directors’ attendance rate is 95.3% (compared to 97.1% in 2020).

A self-evaluation of the work of the Board of Directors is conducted annually through a detailed questionnaire by the Nominating and CSR committee which makes recommendations thereafter to improve the organization and functioning of the Board of Directors and its Committees. In 2021, this self-evaluation resulted in a very satisfactory assessment of the functioning of the Board with 96% positive answers overall (compared to 88% in 2020).

Chief Executive Officer, Executive Committee and Departments

The Chief Executive Officer is appointed by the Board of Directors and has the broadest powers to act in any circumstances in the name of the Company. He exercises these powers within the limit of the corporate purpose and subject to the powers that the law and the bylaws expressly attribute to General Meetings of shareholders and to the Board of Directors and any limitations on the powers that are imposed on him by the Board of Directors.

The Chief Executive Officer is assisted by an Executive Committee of ten people, of which 5 are women. Members of the Executive Committee collectively have expertise covering the value chain necessary for development of a new drug. All have held positions of high responsibility, and for the most part, have key experience working in pharmaceutical companies with extensive experience in metabolic diseases and rare disorders.

Nine departments manage the Company's operations:

- Science, Innovation and Scientific Communication Department;
- Project Management Office, Non-Clinical & Manufacturing Department;
- Clinical Development and Regulatory Affairs Department;
- Japan Office;
- Business Development and Investor Relations;
- Finance and Administration Department;
- Legal department;
- Quality Assurance Department;
- Human Resources Department.

In 2021, the Company strengthened its governance structure through:

- the appointment of Mr. John W. Kozarich as independent Board member for a term of office of three years. Mr. Kozarich brings over 40 years of experience in the biopharmaceutical industry and academia to Poxel and will in particular provide the Board of Directors with its expertise on scientific matters. He chairs the Scientific committee of the Board;
- the appointment of Ms. Sylvie Bertrand as Vice President, Human Resources. Ms. Bertrand has 20 years of Human Resources experience in various industries and services. With this appointment the head of the Human Resources department is now a member of the Executive Committee of the Company;
- the appointment of Mr. Quentin Durand, member of the Executive Committee, as Head of Corporate Social Responsibility with the task to ensure the implementation and monitoring of the CSR strategy and the coordination of the work of the cross department working group;
- the creation of a Nominating and Corporate Social Responsibility committee within the Board of Directors as a replacement for the Nominating and Governance committee. The Nominating & Corporate Social Responsibility Committee is responsible to assist the Board of Directors on all CSR matters.

The Group intends to maintain its governance structure unchanged in the near future as it believes it constitutes a strong foundation and a key component of the Group's ability to execute its strategy. In 2022, the Group intends to focus on the training of its Directors and members of its Executive Committee in accordance with the recommendations of the MiddleNext code and in order to maintain their expertise. The Group will implement a 3-year training plan for Directors which will include sessions dedicated to the scientific aspects of the Company's pipeline, competitive landscape, applicable regulations, ethics and governance and CSR. Each Director will attend at least 4 days of training over this 3-year period.

b. Act Ethically

Poxel believes that integrity and ethics are the basis of sustainable and successful development. As an innovative company, Poxel is conducting its business in compliance with its core values everywhere it operates in the world. At the center of these core value is Poxel's commitment to actively seek and develop new and innovative products that address important healthcare needs. Poxel places the patients at the center of its focus. Poxel expects its employees to focus on enabling better patient

outcomes and places patient benefit and safety first while complying with all legal, regulatory or internal requirements.

The Board of Poxel has established a Code of Business Conduct and Ethics as a reminder of the core values and standards of Poxel's Directors, officers, and employees in making ethical and legal decisions when conducting Poxel's business and performing their day-to-day duties. The code was adopted by the Board of Directors on November 16, 2018 and amended on March 26, 2020.

The goals of this code are to promote honest and ethical conduct, promote fair dealing practices, deter wrongdoing among other things. This document guides the Company's Directors, executive managers and employees in their decisions taken to ensure that they are in line with the Company's legal obligations and fundamental values of ethics.

The Code of Business Conduct and Ethics is built on the following core values, standards and commitments:

Core Values	Standards of conduct	Commitments
<ul style="list-style-type: none"> • Commitments towards patients • Be dedicated to science and innovation • Be loyal in doing business • Be ambitious and resilient • Be honest and transparent • Support diversity • Promote gender equality 	<ul style="list-style-type: none"> • Prevent conflict of interests • Ensure confidentiality of information • Duty to advance Poxel's legitimate business interests over personal gains • Fair competition • No Discrimination and harassment • No Political contribution using Poxel's resources • Protection and Proper Use of Poxel's Assets 	<ul style="list-style-type: none"> • Comply with all applicable laws and regulations • Prevent insider trading • Comply with Environmental Laws to minimize the environmental footprint of Poxel • No bribery and corruption • Comply with antitrust and competition laws • Ensuring the maintenance of accurate books and records, financial integrity, and filing of public reports

The Code of Business Conduct and Ethics also provides for a whistleblowing procedure allowing executive officers, Directors, employees or any other person to raise any potential concerns, questions or reports regarding potential or actual violations of the code or rules or regulations involving accounting, internal accounting controls, auditing or securities law matters. No whistleblowing procedure was engaged in 2021 or 2020.

All employees have signed the Code of Business Conduct and Ethics upon implementation and/or beginning service at Poxel and have agreed to comply with the code. They are asked, on a periodic basis, to review and sign any updated version of this code.

The Company has implemented other policies to ensure the appropriate conduct of its business, such as:

- an inside information policy which reminds the Company's Directors, executive managers and employees of the rules applicable in stock exchange matters and explains the requirements regarding the information they hold or may hold and what steps to take when they or members of their family wish to acquire or dispose of the Company's financial instruments;
- a corporate disclosure policy which aims to provide consistent, full and fair public disclosure of material information pertaining to the business of the Company, regardless of the nature of such information, in accordance with applicable law;

- a policy relating to the identification of transactions with related persons to prevent conflict of interests. This policy formalizes the process implemented to identify the related persons transactions as well as the evaluation of agreements entered into in the ordinary course of business and on arms' length terms. The Group determines on or before the execution date of each related person transaction if such transaction falls under the scope of this policy and as the case may be, if such related person transaction is deemed undertaken in the ordinary course of business and entered into on arms' length terms. The Audit Committee and the Board of Directors shall be involved in such procedure, as the case may be. This policy is reviewed each year by the Board of Directors, upon recommendation of the Audit Committee.

In order for employees to be familiar and to act in accordance with Poxel Code of Ethics and Conduct and other policies, employees are trained every two years on ethical matters. Since all employees have been trained on the code of ethics in 2020, the next training will take place in 2022.

In 2021, no material business ethics issue has been identified. The Group has no activities in countries exposed to risks of corruption (assessed as countries with a "Corruption Perception Index" below 60 by Transparency International). To ensure the appropriate monitoring and handling of such issues in the future, as the case may be, the Group has decided to implement a business ethics log to record any potential issues related to the matters described above as well as their treatment. The Group will also proactively monitor any need to update or amend its policies.

c. Create sustainable relationships with vendors

As a Group primarily focused on research and development activities, Poxel is involved in a significant number of agreements with various vendors. These vendors can be Contract Development Manufacturing Organizations (CDMO) or Contract Manufacturing Organization (CMO) as it relates to the manufacturing of drug substance and drug product which will then be used in pre-clinical studies and clinical trials, Contract Research Organization (CRO) for the conduct of the clinical trials or preclinical studies (including toxicological ones), laboratories or several other service providers in connection with Poxel's research and development activities but also general and administrative matters.

Poxel's approach is to select and qualify these vendors as carefully as possible and to create sustainable long-term relationships with them.

Selection process

For each project undertaken by Poxel several vendors are contacted. Selection criteria are based on the supplier's ability to meet the Group's requirements, which may be related to expertise, quality management system, project management, budget and timelines forecasts for services entrusted. The Group takes into account the proximity of the vendor and endeavors to source services locally whenever possible.

Procurements by country (in % of operating expenses)	G&A	R&D
Lyon	7%	0%
France (excl. Lyon)	41%	15%
Europe	35%	58%
Worldwide	17%	26%

The Group also requests to be provided with key certifications and mandatory accreditations held by its vendors. In particular, as the Group is involved in the development of drug candidates, it is required under applicable regulations to conduct preclinical studies on animals before being able to move to clinical trials on human. Preclinical studies include laboratory evaluation of product chemistry, toxicity and formulation, as well as animal studies to assess potential safety and efficacy. Preclinical studies

involving animals follow a set of harmonized rules which aim at reducing the number of studies and animals used for scientific purposes and encourage the development of alternative methods. Recourse to animal models shall be used only when no other methods are available for the purposes of the study, and shall demonstrate strict proportionality in terms of replacement, reduction and refinement of the use of animals (so-called “3 Rs Principles”).

To protect biodiversity in the framework of carrying out such tests, the Group requires that its vendors comply with strict safety rules and with the regulations applicable in the countries, where the studies are carried out. In this context Poxel requires its relevant business partners to have AAALAC accreditation (Association for Assessment and Accreditation of Laboratory Animal Care) for Good Laboratory Practices (GLP) studies.

The collaboration of the Group with its vendors is part Quality continuous improvement policy. Vendors qualification process includes an initial qualification (by quality questionnaire or audit) and a periodic re-qualification whose period depends on vendor criticism. In 2021, for the first time, Poxel decided to include questions related to CSR practices in quality questionnaires. Certifications relevant to assess vendors CSR policy were also requested.

Sustainability of business relationships in R&D		2021
CSR vendors questionnaires conducted		30

**20 responses received*

Poxel applies a 45-day payment term with its vendors.

Quality Assurance

A Quality Assurance department, composed of 3 employees, independent from operational activities, is responsible for all quality assurance including audit activities. This department is also supported by external quality auditors who are experts in their fields.

The Quality Assurance Department ensures quality and regulatory compliance for all activities performed by the Group (internally and with suppliers) to meet quality standards defined by key stakeholders including health authorities. To attend this goal, the Quality Assurance department develops a quality management system based on risk management approach. The Quality Assurance Department supports the others department in the definition and follow up of operational and support processes.

The development of a new drug candidate follows a very rigorous evaluation process, during which the safety of use of the drug candidate is the primary concern for the company developing the product and the regulatory authorities responsible for its evaluation. The Group is thus obliged to comply with the standards in force “GxP” (Good Manufacturing Practice, Good Laboratory Practice, Good Clinical Practice), as well as the additional regulations and guidances established by the authorities in charge of evaluating these new drugs and protecting public health, such as the European Medicine Agency (EMA), the Pharmaceuticals and Medical Devices Agency (PMDA) in Japan, or the Food and Drug Administration (FDA) in the United States. All clinical activities are conducted in accordance with the local regulations and recommendations of good clinical practice ICH-GCP (International Conference of Harmonization) aiming at the harmonization of MA requirements between the United States, Japan and the European Union.

The Group expects its sub-contractors to comply with these standards and to act in an ethical and responsible manner. In general, all suppliers are also expected to comply with local legislation on corporate social responsibility. In the course of its collaborations, Poxel regularly performs audits to ensure this compliance. The audits carried out systematically lead to reports and action plans as necessary.

Appropriate vendors accreditation is part of the initial and periodic qualification process. Since 2021, other vendors certifications (related to quality / environment / animal welfare) are monitored in addition to GxP accreditation.

Quality assurance	2021
Percentage of accredited of certified vendors by and independent organism	60%
Percentage of vendors with appropriate accreditation for GxP activities	100%
Percentage of vendors with at least one certification related to CSR (Environment or animal welfare)*	17%
Percentage of qualified vendors (as expected by internal qualification process)	88%

*Calculation taking into account all R&D vendors active in 2021 (even those not having manufacturing or laboratory activities)

Starting 2022, Poxel will add a new set of criteria to its vendors selection process linked to CSR matters and will then include a review of these criteria in quality audit of its vendors accordingly. The proportion of vendors retained in accordance with these CSR criteria will be monitored.

d. Apply the highest possible standards of IT security and data protection

Data protection

In connection with its activities, including in connection with conducting clinical trials in the European Union, the Group may collect, process, use or transfer personal information from individuals located in the European Union.

Strict requirements on controllers and processors of personal data, including special protections for "sensitive information" which includes health and genetic information of data subjects residing in the EU (and or outside the EU) are imposed by the provisions of the General Data Protection Regulation ((EU) 2016/679), or the GDPR. More specifically, this legislation imposes requirements relating to (i) having legal bases for processing personal information relating to identifiable individuals and (ii) to ensuring transfer of such information outside of the European Economic Area, or EEA, including to the United States or other regions that have not been deemed to offer "adequate" privacy protections, providing details to those individuals regarding the processing of their personal information, keeping personal information secure, having data processing agreements with third parties who process personal information, responding to individuals' requests to exercise their rights in respect of their personal information, reporting security breaches involving personal data to the competent national data protection authority and affected individuals, appointing data protection officers, conducting data protection impact assessments and record-keeping.

In order to appropriately protect data, it processes and comply with applicable laws, Poxel has put in place both human and technical resources. The Group implemented a detailed action plan to work in compliance with the GDPR in all of its activities.

A data protection officer (DPO) has been appointed in 2019 with the responsibility to ensure the Group's compliance with the (GDPR) and assist operational teams on data and regulatory compliance issues. The DPO, in close collaboration with the Group's IT manager, is also responsible for the implementation and maintenance of appropriate documentation required under the GDPR such as the Group's register, privacy impact assessments, methodology of reference, data protection agreements and data transfer agreements as the case may be. The DPO, in collaboration with the Group's IT manager, is also responsible for ensuring the compliance of the Group's website with the GDPR requirements.

IT Security

Poxel implemented IT tools, as well as information and communication systems, including telephone and computer equipment (desktop, laptop, phone and mobile, servers, messaging systems, etc.) hardware and software, as well as IT and telecom networks. These IT resources are subject to an IT Charter adopted by the Board of Directors in 2019 which defines the legal, ethical and security rules applicable to their use. The access and/or use of the IT resources is subject to strict security, integrity, availability, traceability, confidentiality rules.

In order to prevent the undue circulation of data that has not been made public, the number of people having access to databases is reduced and controlled. The Group has implemented appropriate measures, in particular by limiting the number of participants in meetings, by using code names for transactions, by regularly checking computer access rights and by having the persons concerned under strict confidentiality obligations. Access to these several types of data is protected by login parameters (such as logins and passwords). These settings are strictly personal and the group's IT charter specifies the confidentiality rules regarding access to IT resources. Data is stored in private cloud systems, only persons whose functions or responsibilities justifying it are able to access data. The Group's Data Centers are set up in accordance with the "HDS" certification and the Good Security Practices, as strict as ISO 27001. Each private cloud system include back-up plans (3 physical sites located at least more than 10km apart from each other).

Poxel has been conducting IT audits since 2015. No intrusion flaws have ever been detected. However, in 2020, several of the vendors the Group has relied on, in particular for the execution of its preclinical studies and clinical trials, have been targeted by cyber-attacks. Due to their internal organization and readiness, the consequences of such cyber-attacks did not lead to any material consequences for the Group. Since 2021, the Group has implemented a cyber-security insurance to protect itself against the consequences of potential cyber-attacks.

In order to ensure the reliability of its IT system, the Group regularly carries out cybersecurity audits. Action plans are systematically put in place following the conclusions of the audits carried out.

Risk of cyber-attack	2021	2020
Number of attacks with direct consequences on IT system	0	0
Number of attacks attempts which required actions to ensure security, but without consequences on IT system	1	1
Number common unsuccessful attacks (eg: phishing attempts)	>100 000	N/A
Number of days of partial of total business interruption	21*	3

**Mainly due to a fire in the facilities of the Group's cloud services firm, the interruption was only partial and affected some of the Group's IT infrastructure without preventing the Group from maintaining its activities*

In 2021, the Group implemented several trainings and awareness sessions on cybersecurity and GDPR. The objective of this cybersecurity and data protection awareness program is to increase the skills of employees by transmitting basic knowledge in the IT field as well as to implement good practices to reduce the risk related to cybersecurity (e.g., use of computer equipment in the context of home office, scenarios of hacking mailboxes, phishing etc).

Cybersecurity awareness	2021	2020
% of employees trained on IT security issues	100%	100%

In 2022, Poxel intends to precisely map its IT risks which will then be presented to the Executive Committee and Board of Directors and may result in an action plan. A revision of the Group's IT charter is also ongoing notably to improve internal good practices in connection with cybersecurity. Finally, the Group intends to implement a business continuity plan to avoid any material business interruption.

6. Limit the Group's impact on the environment

While pursuing its mission to develop novel treatments for serious chronic diseases with metabolic pathophysiology, Poxel's goal is to limit its impact on the environment as much as possible.

As a research and development Group with no industrial facilities, Poxel's direct impact on the environment is relatively limited and consist mostly in greenhouse gas emissions. According to the French *Agence de la transition écologique* (ADEME), greenhouse gas emissions can be split into the following three categories:

- Scope 1 – All Direct Emissions from the activities directly generated by the activities of an organization or under its control. Including “combustion” on site such as gas boilers, fleet vehicles and air-conditioning leaks as well as the upstream emissions linked to this “combustion” (extraction, treatment, refining, transport and distribution);
- Scope 2 – Indirect Emissions from electricity and heat purchased and used by the organization as well as the upstream emissions linked to these electricity and heat consumption (incl. electric mix of the country);
- Scope 3 – All Other Indirect Emissions from activities of the organization, occurring from sources that they do not own or control (incl. business travel, procurement, waste and water etc) that occur in the value chain including both upstream and downstream emissions.

As of the date of this report the Group does not monitor its greenhouse gas for all three of these categories. Especially, emissions falling into the Scope 3 are not precisely known. For this reason, Poxel decided to engage in a carbon footprint assessment in 2022. The Group will take part to the “*Diag Décarbon'Action*” proposed by the ADEME in collaboration with Bpifrance. The goal of this co-financed initiative will be to measure the Group's emission for the entire value chain (Scope 1, 2 and 3) and elaborate an action plan to reduce emissions and energy consumption. The Group will report on the result of this assessment.

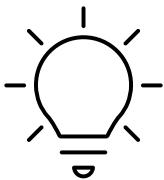
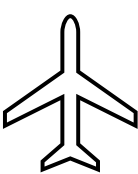
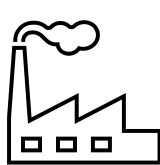

a. Minimize Poxel's Greenhouse gas emissions and limit pollutions

Greenhouse Gas

At this stage, Poxel's activities do not include any direct industrial manufacturing or distribution, the heavy use of raw materials, or significant discharges into the environment.

Its activities do not require the use of mains gas, nor specialty gases. The Group does not generate any noise nuisance for the staff or the local population. The Group also estimates that the discharges into the air related to its activity are not significant and have little impact on the air quality. The Group has no environmental liabilities.

Energy and water consumption are limited to servicing IT tools (and other electrical facilities) and the sanitary installations of the employees. The Group does not consume gas or oil. Therefore, the main greenhouse gas emissions identified at the date of this report by the Group remain limited to:

			
Electricity Consumption at the Group's offices (1)	Business Travels (2) (Scope 3)	Manufacturing and product transportation (3)	Digital Pollution (4) (Scope 3)

(Scope 2)				(Scope 3)			
2021	2020	2021	2020	2021	2020	2021	2020
1.91 Teq*	1.63 Teq	3.96 Teq	115 Teq	**	**	0.66 Teq	0.42 Teq

*Carbon equivalent (as measured in metric tons based on ADEME conversion table)

** No data for 2021 and 2020

- (1) In Lyon, the Group has leased premises in a building certified BBC (Bâtiment Basse Consommation), rated B for energy consumption (53.7 kWhPE/sq.m/year, almost class A, for which the limit is 50) and A for greenhouse gas emissions (0.6 kg eq. CO2/sq.m/year). This building was recognized by the Prebat (Program of Research on Energy in Buildings) in 2009. In 2021, electricity consumption was 22,236 kWh for premises leased on the two floors of the building in Lyon (compared to 19,069 kWh in 2020). These data correspond to electricity consumption on the basis of actual data for 2021 and 2020. The Group does not monitor the electricity consumption of its offices in Burlington, Paris and Tokyo which were deemed to be non-significant given the surface areas occupied.
- (2) The health situation related to Covid-19 has led to a significant reduction of business travels in 2021 and 2020. The Group expects that the activity on domestic and international travels will increase in the future. In order to limit travel and its impact on the environment, the Group attempts to use video conferencing and teleconferencing tools whenever possible. In 2021, the Group revised its Travel Policy to include environmental criteria and limitations to business travels in an effort to be more effective from an environmental standpoint and to limit its carbon footprint. The Group also intends to monitor home to work travel in the future.
- (3) The Group generates GhG emissions through the manufacturing, packaging, transportation, use and destruction of the active ingredients that are used in the pre-clinical and clinical studies. These activities are performed by external vendors. The Group plans to start collecting information on the level of GhG issuance generated by its manufacturing activities in 2022.
- (4) See Section 2.5.0 "Deploy a responsible digital approach".

The Group generates little waste directly. It mainly generates administrative waste, paper, or office consumables (printer cartridges). For office consumables, the Group has signed a contract for the collection of this waste with a specific contractor in charge of recycling them. Special containers have been installed in the offices in Lyon to collect paper, thin cardboard, plastic bottles, glass and coffee pods.

Direct consumption and waste	2021	2020
Water (m3)	119	118
Paper consumption (sheets)	39 000	36 000
Others (kg)	74	49

The Group has also signed contracts with specialized service providers for the recovery of other used consumables and the disposal of its archives. Printer consumables are collected directly by a service provider. The Group also has a contract with a specialized provider for the disposal and recycling of waste electric and electronic equipment.

In 2021, Poxel's recycling balance was 143.5kg of paper and cardboard, and 6.5kg of plastic bottles. Poxel is committed to continue reducing its waste and other consumables in the near future as well as to increase its recycling efforts.

b. Deploy a responsible digital approach

As a Group focused on research and development, one of the key aspects of Poxel's pollution stems from digital pollution through the purchase of active pharmaceutical ingredients, related external manufacturing and use of IT infrastructure and digital devices.

IT equipment

To conduct its business Poxel has set up computer tools, information and communication systems including telephone and computer equipment (fixed or portable computers, servers, messaging systems, etc.) hardware or software, as well as computer and telecommunication networks. These IT resources are subject to an IT Charter adopted by the Board of Directors in 2019 which defines the legal, ethical and security rules applicable to their use.

In the context of remote work, specific equipment is provided to the employees (e.g., additional computer screens, keyboards, mouse).

Each employee is provided with a computer equipment and telephone. The renewal of each employee's equipment is carried out every 3 years, except for restricted use that would justify extending the service life.

IT Equipment life-cycle	2021	2020
Share of re-used IT equipment after end of life cycle within the Group	30%	0%

The Group is currently adapting its policy to re-use computer hardware. While keeping a pool of computers ready to be deployed in the event of a failure, Poxel intends to extend the life of its employees' equipment whenever possible and recondition its computers at the end of their life cycle within the Group to make donations to associations, or to collaborators for a private need. In addition, the Group plans to monitor the waste generated by its IT equipment and ensure its recycling as much as possible.

Use of IT infrastructure

The Group uses video conferencing and teleconferencing tools, e-mails, dematerialized storage systems and various information systems and software.

The weight of stored data amounted to approx. 10 000 Go for 2021 (compared to 6 400 Go for 2020). In 2021, the Group redesigned its dematerialized storage systems in order to reduce the weight of these data.

These IT resources are subject to an IT Charter adopted by the Board of Directors in 2019 which defines the legal, ethical and security rules applicable to their use. The access and/or use of the IT resources is subject to strict security, integrity, availability, traceability, confidentiality rules.

The Group also adopted the electronic signature to limit its paper consumption.

The Group does not monitor any additional data related to digital pollution at this stage and plans to further investigate the impact of its digital activities as well as their level of GhG issuance in the future.

The IT charter will be revised in 2022 to incorporate good practices in the use of IT equipment and limit digital pollution. This charter will be signed by all employees and an awareness campaign will be implemented. In the near future, the Group intends to better monitor its digital pollution and is committed to limiting it as much as possible.

7. Methodology note

This report presents CSR data concerning Poxel (the “Company”) and its Japanese and American subsidiaries for fiscal 2020 & 2021 (together with Poxel the “Group”). Financial year 2020 covers the period between January 1, 2020 and December 31, 2020. Financial year 2021 covers the period between January 1, 2021 and December 31, 2021. The Group has two geographical locations in France: its head office in Lyon and an office in Paris, as well as two international offices: one in Tokyo, Japan since September 1st, 2018, and one in Burlington, USA since January 2nd, 2019. Unless specified in the report, the data presented aggregates information relating to these four sites.

All the indicators are monitored by the financial controllers, Vice President, Human Resources and the Chief Financial Officer. The employment indicators are established based on a non-accounting summary, supported by employment data arising from salaries and personnel files.

Concerning environmental indicators, non-accounting monitoring is performed. Based on this monitoring, actual electricity consumption is calculated based on consumption billed. We used a CO₂ equivalent emission factor of around 72g CO₂/kWh and 15g CO₂/Mo based on the ADEME carbon accounting v7.1. Information was collected by the Head of CSR. The information was checked by the Chief Legal Officer & Head of CSR