



**sopharma**<sup>®</sup>  
PHARMACEUTICALS

***LOOKING TOWARDS GLOBAL***



COMMUNICATION ON  
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN Goals.

We welcome feedback on its contents.

## Statement of continued support



Dear stakeholders,

I am pleased to confirm that Sopharma AD supports and implements the Ten Principles of the United Nations Global Compact in the field of Human Rights, Labour, Environment and Anti-Corruption.

Sopharma AD works towards the new 17 Sustainable Development Goals, according to the Strategic

plan 2015+ on SDG of the GC Network Bulgaria, along with all stakeholders.

In this Report we represent our business strategy and activities designed on the Global Compact principles.

We also commit to share this information with stakeholders through our corporate communication channels.

Sincerely yours,



Ognian Donev  
CEO and Chairman of the Board of Directors  
SOPHARMA

## People matter

*Sopharma AD takes actions through strategic social investment and partnerships to stand by internationally proclaimed human rights*

### Responsible employer

Sopharma guarantees freedom of association, provides inclusive health and educational services for the employees.

Sopharma leads zero tolerance policy to any kind of workplace harassment, abuse or threats. The highly technological development and production process of Sopharma's medicinal products are licensed according to the GMP. Safe and healthy working conditions are part of the standard but Sopharma extends commitment to ensuring its workers and all employees' work places, according to their knowledge and skills and invests in their development.

Training programs offered to employees, aimed increasing their competence levels. The training policy is specifically aimed at providing high professional knowledge and improving awareness related to health and safety issues. Employees are entitled to higher remuneration, required by applicable law for overtime, night shifts and working weekends and during holidays. Employees who work in specific, harmful or dangerous conditions receive personal protective equipment and allowances.

### Responsible corporate citizen

- We believe that transparent and responsible governance is the only way to succeed in business and to empower society. We keep in touch with all our stakeholders regarding Sopharma's business activities and CSR.
- We insist our partners and chain suppliers to follow the same responsible governance principles.
- We invest in our local manufactures to ensure economic livelihood of local communities.
- We support one of the most accessible medicines in our markets to ensure the access to modern treatment, including small packages manufacturing to enable affordable treatment.
- We invest in generics according to the EU politics the development of the healthcare system for affordable treatment is mainly through generics.

- We continue developing our unique brands, based on plant extracts obtained by in-house-developed extraction technologies, well known as Sopharma’s original brands.
- Social disease responsibility - We bring a market issue of one of our product to a higher level as an affordable way to manage with one of the most serious non-communicable disease in the world – smoking cessation.
- We run our social responsibility programs to improve lives and to ensure sustainable development of the society.
- We work in partnership with members of the Global Compact Bulgarian Network, professional communities, local authorities and the government. We strongly believe that partnership towards sustainable development is the way to be responsible corporate citizen.

Activities	2016 BGN '000	2015 BGN '000	2014 BGN '000	Change %	Share in expenses %
<b>In company</b>					
<i>employees</i>					
freedom of association		Three labor unions, where of two national represented and one “in-house”			
Gender equality	Men 696 Women 1138	Men 707 Women 1182	Men 684 Women 1145		38% 62%
<i>Education services</i>					
Trainings	197	204	136	-4%	4%
In-house kindergarten		The kindergarten works at full capacity			
<i>Inclusive health services</i>					
Medical services through extra access to health care resources	747	789	744	-5%	2%

through free additional health insurance + annual preventive health check-up					
Free dental services in Sopharma's dental care					
Sport center including free fitness and folkdances classes with an instructor					
<b>In the community</b>					
Investments in local manufacturing	147 583	133 810	94 434	11%	36%
Affordable medicines *	Sopharma AD has a 4 % share of the total Bulgarian pharmaceutical market in value and 14 % of sales in volume, compared to 12 % in 2014.				
CSR programs	We start different measurements of return of investments in our social responsibility programs				
Donations	365	373	191	-3%	7%

- **Responsible business and transparency**

Today, the formula for success, expressly includes the human, natural and intellectual capital. This is a revolution. We are looking for more fair, correct and comprehensive company impact on the market and society regarding their customers, employees, investors and local communities.

**Sopharma launched its new corporate site [www.sopharmagroup.com](http://www.sopharmagroup.com) for the Sopharma pharmaceuticals group. For the first time Bulgarian public company includes interactive instruments for investors and stakeholders related to company shares and group structure.**

www.sopharmagroup.com

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### Business highlights

**210**  
Products  
(15 originals and 195 generics)

**15**  
production facilities

**400**  
partners

### CORPORATE NEWS

6 JANUARY 2017

2017 starts with good news concerning the registration and further development of our product Tabex

SEE ALL

### FINANCIAL NEWS

17 OCTOBER 2016

Quarterly financial statements and new web site

SEE ALL

### BULGARIAN STOCK EXCHANGE

**BGN 3.781** 0.56% ▲  
Last update 03-16-2017

### WARSAW STOCK EXCHANGE

**PLN 6.58** 0% ▲  
Last update 03-09-2017 16:18:43

STOCK PERFORMANCE

### INNOVATION

#### Innovation Blossoms

The three Sopharma AD factories - the one in Kazanlak, the Tablet production and Ampoule production in...



### PROGRESS

#### How we care for Sopharmers



### Financial highlights



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BULGARIAN STOCK EXCHANGE

WARSAW STOCK EXCHANGE

Sopharma quotes

Performance calculator

Interactive chart

Historical data



**Chart period**

1 year From 03-15-2016 To 03-16-2017 Show data

**Chart type**

Line  Candlestick  OHLC  Area

BGN EUR  
1 = 0.5113

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## Sopharma AD with Two Awards from the Annual Awards of the Investor Relations Association

The company received awards in the categories “Best IR Web Page” and „Best Investor Relations Director”. The new corporate website of Sopharma Group [www.sopharmagroup.com](http://www.sopharmagroup.com) was presented for the first time at a meeting with the investors on 07.10.2016, where the executive Director Ognian Donev answered also answered questions regarding the future of the company.

Pelagiya Viyacheva was awarded the prize “Best Investor Relations Director”. The Investor Relations Director is the connection between the management and the stakeholders, not only the current ones but also the potential investors in the company. These awards are recognition by the professional community of the work of Sopharma AD towards publicity and transparency of the corporate behavior of the company.



## Ognian Donev was awarded the "Mister Economics 2016" prize



Ognian Donev, Chairman of the Board of Directors and Executive Director of Sopharma, was awarded the "Mister Economics 2016" prize. He accepted the prize

with the words: "Trotz alledem was the motto of my school. Trotz alledem (despite all) we keep moving forward!"

The traditional competition is organized by the largest business organization in this country – The Confederation of Employers and Industrialists in Bulgaria (CEIBG) and Economy Magazine.

### **The interview for Redmedia with the Executive Director of Sopharma AD Ognian Donev is indicative about the challenges in the pharmaceutical industry for 2016 and the company plans for 2017**

Ognian Donev is Chairman of the Board of Directors and Executive Director of the pharmaceutical company Sopharma. He is also Chairman of the International Chamber of Commerce for Bulgaria, as well as Chairman of the Board of Trustees of the Medical University, Sofia. He is also the publisher of Club Z media.

On the last day of November, the Confederation of Employers and Industrials in Bulgaria (KRIB) and Economy Magazine awarded him with the statuette "The Fisherman and the Golden Fish" and proclaimed him "Mr. Economy 2016"

We talked about the challenges in the pharmaceutical industry in Bulgaria and the new horizons in front of Sopharma.

**It is true that this year was interesting, associated with turbulences on most of the markets we operate in. At the same time, despite of the slight drop of the sales, the year will end as one of the most successful ones for Sopharma in terms of profit. We have published the results for the first nine months and they show that the year will be much better than the previous 2015.**

**Does this mean you have overcome the problems due to the devaluation of Russian currency and the embargo for export of goods from European markets to Russia?**

The embargo has no relation to the delivery of medicines. Currency problems cannot be overcome easily. It seems as if consumers got used to the new proportions and exchange rate of the ruble and respectively, to the increase of the price which comes with the decrease of its value compared to the major currencies. It is unpleasant that the whole import became more expensive but it is something people get used to. The problem is that we cannot predict when the next price shock will happen and what the behavior of local currencies on the markets we operate in will be.

**Given this situation, do you plan to turn to other markets?**

We have taken this decision long ago but in our industry this realisation does not happen overnight with a magic wand. Reorientation of sales is related to registration of products, issuance of authorisations and other administrative procedures, which require time and good preparation.

Otherwise, the movement is generally from the traditional Eastern markets towards the West. We have positive examples as well; one of the first registrations we managed to finalise was in Austria. Currently, we already have a registration in Scandinavia, as well as in the Netherlands. In other words, Sopharma's transition towards the world market is an ongoing process.

**This past 2016 was a year of mergers and acquisitions of large corporations, including in Bulgaria regarding the transaction between Teva and Actavis. What is the possibility of Sopharma also becoming a part of a multinational company or of the company itself to turn into a global player?**

Sopharma is even now a strong regional manufacturer. We continue working on the projects for mergers with other companies from the group. We have also announced to the Financial Supervision Committee the additional purchase of Unipharm shares and this week we are going to make a tender offer to the rest of the stockholders about purchasing their shares. We have convinced the investment community with our behavior that we are an acquiring company rather than being of interest for other firms. Sopharma is a publicly listed company and there is always an option for somebody to buy us but so far we have been the more active ones and we haven't received any serious proposition for the acquisition of Sopharma.

**Is this going to be the biggest challenge for the company during the next 2017?**

In another interview I have already admitted that 2017 is not going to be a revolutionary year. In our company revolutions happen after a lot of preparation and that is why the coming year will be a period of preparation for events which will take place later. The breakthrough we hope to achieve in the near future is to put the original Bulgarian product Tabex on the world market. The path of its establishment goes through registration in the FDA (Federal Drug Agency) which requires performing a present-day clinical trial. Tabex has already undergone one in Bulgaria but it is not sufficient and therefore an up-to-date trial will have to be carried out, most probably in a country in Western Europe or in the USA. Soon, a publication on the topic will appear in the authoritative magazine New Journal of Medicine with the results from trials on Tabex performed in New Zealand, which are very encouraging.

**A common market for drugs between Bulgaria and Romania has been established recently. Is there any effect from the signed agreement on local pharmaceutical manufacturers?**

Rather not. The agreements would refer mainly to expensive medicines which automatically excludes the Bulgarian ones which are one of the cheapest medicines. Otherwise, the Romanian Ministry of Health orders medicines from us and we are manufacturing for them. Recently, we had to help the Hungarian and the Serbian markets as well. Considering the overall lack of funds that could be allocated for healthcare, it is normal for the countries to look for opportunities to reduce the prices. We welcome the idea of minister Moskov and we hope that it will be realized, indeed. But it should be

clear that the change is difficult to achieve, because there is no way to skip the regulations existing on local markets.

**The withdrawal of generic medicines from Bulgaria causes further problems. Don't maintaining low prices cause us too many problems?**

This is a measure to provide good access to medicines with a scarce public resource. We have the lowest prices or prices equal to the lowest ones and a product of ours which is being reimbursed, usually sets the lowest point of the price and the others level with us. Sometimes I even joke that even if we didn't exist, they had to create us because we act as an anchor which doesn't allow others to go a lot higher. Another positive change was the price corridor because this was also a measure which would save public expense.

**The "corridor", however, will be permanently canceled on a proposal from the Ministry of health itself due to concerns that it would also provoke withdrawal of drugs from the market...**

This corridor works when a group of drugs with one INN includes many products. If there are, for instance 10 interchangeable drugs in it, dropping out of two or three of them would not cause any problems.

**Then, did the government manage to implement the pro-generic policy promised at the beginning of the mandate?**

Not fully, but it took first steps towards the right direction. Even the fingerprints, so criticized by people, are a good measure for economy of public resource and for prevention of abuses.

**What more do you expect to happen in this direction?**

That the real health care reform begins.

**What is your assessment of the pharmaceutical industry during this past 2016?**

The positive thing from our point of view is that we managed to keep the jobs and provide a relatively good remuneration for Bulgaria. The process of concentration here has continued. Like everywhere in Europe, the problems remains - funds are not enough. Health care systems and financing of medical institutions is something countries cannot cope with on their own. Countries like Germany, England and France cannot manage, let alone Bulgaria.

**Ognian Donev was pointed as one of the most influential entrepreneurs by Forbs Magazine**

The situation in the region and its affect at Sopharma's sales and the cure for the situation according to mrs. Donev , were presented in the THE NEXT WINNING MOVE article.

The office of Ognian Donev is on the 17th floor in one of the towers of Sopharma Business Towers. The ambitious office complex, worth at least 50 million Euro and built and put into operation while the

property market was going down, is one of many proofs that the 58-year-old entrepreneur knows how to turn almost everything he touches in money.

The business background of Donev is long and goes through projects in all kind of niche markets: from videogames and toys, though metal trading, to stock investments and media. But his big business which is one of the largest employers and largest public companies in Bulgaria, is the pharmaceutical company Sopharma. Donev managed to build a business around it with annual revenue of BGN 875 million which places him among the most influential Bulgarian entrepreneurs. Pharmaceuticals is a counter-cyclical industry that is considered immunized against the crisis. This was very true for Sopharma as well, a company Donev privatized around the year 2000, and then started turning it into a money machine, buying other manufacturers of medicines and taking a strong position in the trade in medicines. In 2009, while economy in Bulgaria shrank by near 6%, consolidated revenues of Sopharma increased by 11%. A year later the turnover increased by another 19% and reached BGN 600 million. The expansion of the pharmaceutical company continued also throughout the following years. In the last months, however, Sopharma showed indications of slowdown. The reason – political and economic problems in the region where Sopharma realises a great part of its export. Russia and Ukraine are the two largest foreign markets for Sopharma which explains why the instability in Russia and the political and economic crisis in Ukraine exert a negative effect on the total company sales. The consolidated statement of Sopharma for the first quarter of 2016 has shown incomes of BGN 216 million which is about 2.6% lower than the same period last year. Apart from that, Sopharma already announced a 10% decrease in revenues for the first half year which is due mostly to the drop in the sales abroad. But the events in Russia and Ukraine are only a part of the problem. Sopharma sells its medicines to large markets such as Turkey where the situation aggravated considerably after the attempted coup in July. “The situation in Europe and in the world is complicated at the moment” said Ognian Donev. “Crises come one after the other starting with the debt crisis in Europe – Greece, Portugal or Italy. On the other hand, recent events in neighbouring Turkey, the inability of our other neighbours, both Serbs and Macedonians, to reform their economies, as well as the severe economic situation related to Ukraine and Russia, all this surrounds us and one should be very careful with respect to the situation.”

The situation in some of the key markets abroad leads to the question of what measures Sopharma could take. The main shareholder says that forecasting is a difficult thing. “Our dependence on markets in the East has always been very large.” says Ognian Donev. “To plan anything in this situation of uncertainty is not possible. This is like the eternal dispute with banks – if they can forecast the exchange rate in Ukraine and Russia, I can forecast the markets there. They say that it is impossible to forecast the exchange rates. Well, how can I forecast my sales in Ukraine and Russia then?” Donev himself has not shown any signs that these disturbances worry him very much. Despite the main part of the production of Sopharma is realised abroad, the incomes from sales of the production are below 30% of the annual revenue of the parent company or BGN 247 million according

to figures for 2015. The main item of revenue for Sopharma is the trade in medicines generating BGN 628 million annually, over 70% of which come from the Bulgarian market. That allows Donev to soften the drop in sales abroad so that they will not affect the finances of Sopharma. “Compensating one country with another is possible and I am glad that so far we have not allowed the company operational profit to decrease regardless of the sales-related issues” he says. “We rather manage to maintain profitability with activities within the company and even to increase it a bit.”

For now, it seems investors do not react considerably to the news of decreased sales either. The shares of Sopharma are being traded for about BGN 2.78 at the beginning of August which is a minimum change upward compared to the beginning of the year. The shares of Sopharma Trading, also a public company, have shown about 0.5% growth for the same period. Meanwhile, Sopharma management decided to make some other strategic moves as well, as for instance to sell its share in the Serbian manufacturer of medicines Ivanchich and Sons in which it had a little over 50%. Ognian Donev described the transaction, the price of which was not announced, as “one good offer where we decided to sell unanimously with the partners in Serbia”.

However, Donev is adamant that he has no plans of leaving the Serbian market. Sopharma Trading remains there as a trader, and furthermore, in the spring Sopharma was one of the companies that showed interest to take part in the privatisation of the Serbian manufacturer of medicines Galenika. To a direct question whether he plans to expand his presence on the pharmaceutical markets in the region through acquisitions, Donev did not give a definite answer. “Always when such an opportunity appears, it is negotiated about such things but this is a process that we report to the Bulgarian Stock Exchange,” he said. “We have not stopped looking for opportunities to expand on the markets we are present.” Which means that Donev is probably only on standby in what he is best in: to make the next winning move.

### ✓ Affordable medicine

Sopharma AD has a 4% share of the total Bulgarian pharmaceutical market in value and 14% of sales in volume. (12% for 2014)

\*The positions of the main competitors of the Company in the country are as follows: Novartis – 7% (4% in units), Roche – 6% (0,3% in units), GlaxoSmithKline – 6% (3% in units), Actavis – 4,8% (12% in units), Sanofi-Aventis – 4,3% (3% in units), Astra Zeneca – 3,3% (0,9% in units), Bayer – 2% (1,9% in units).

***As a member of “Medicine for Europe” Sopharma takes part in all activities related to improvement of generic and biosimilar medicines landscape for patient needs. Generic medicines boost economic development and ensure***

***modern treatment to more patients. Millions of European patients have benefited from better access to gold standard therapies.***

***The generic medicines today represent 56% of the medicines prescribed in Europe and the generic medicines industry employs more than 160,000 people in Europe, 10% of which work in Bulgaira.***

### **Generic medicines save European countries 100 billion euros per year**

At the national congress of Assogenerici (organization of the Italian manufacturers of generic and biosimilar medicines) held on October 12, 2016 in Rome was presented a report on the topic: "The value of generic medicines" as the main emphasis was placed on the competition in generic medicines, with the help of which twice as many patients received treatment without increasing costs, it stated in a survey by IMS - Institute for Healthcare Informatics on "The Role of generics to maintain sustainable health systems: European and Italian perspective" (The Role of Generic Medicines in Sustaining Healthcare Systems: A European and Italian Perspective).

The congress was attended by representatives from the Italian authorities, Medicines for Europe, and more than 200 participants ranging from patient groups, physician organizations, scientific groups and participants in the Italian pharma supply chain. Ahead of the presentation of the study, Enrique Hausermann, President of Assogenerici, commented: "Generic medicines bring great benefits for patients and enable European states to increase patient access to treatment while simultaneously decreasing expenditure." This is especially important for Italy where out of pocket expenses for medicines can be high.

### **Generic Medicines save European Countries 100 Billion Euro per Year**

Twice as many patients treated in Europe because of generic medicine

During a seminar in Lisbon, organized by APOGEN, on "The Value of Generic Medicines" it was highlighted that without the use of generic medicines, European countries would spend over a hundred billion euros more per year to treat patients. This is one of the conclusions of the IMS Institute for Healthcare Informatics study on "The Role of Generic Medicines in Sustaining Healthcare Systems: A European Perspective".

The study concluded that by 2050 the European population aged over 65 will increase from 129 to 191 million, with a consequent increase in the incidence of chronic diseases and the corresponding impact on the health expense of states. Between 2005 and 2014, generic medicines made it possible for European countries to double the number of treated patients, whilst maintaining the same pharmaceutical budget.

The study “Value of the Generic Medicines – Health Economic Study” conducted by IGES Institute for “Medicines for Europe”, also presented, concludes that with the use of generic medicines, it is possible to treat considerably a greater number of patients suffering from hypertension maintaining the same level of expenditure; treat as many patients with breast cancer with lower expenditure and treat more patients with depression with, a slight increase in expense.

The seminar was attended by leading experts as Adrian van den Hoven, Director General of “Medicines for Europe”, António Vaz Carneiro, Professor at the Faculty of Medicine, University of Lisbon and Director of the Centre for Evidence Based Medicine, Carlos Gouveia Pinto, Associate Professor at ISEG, Hélder Mota Filipe, member of the Board of INFARMED, IP (National Authority for Medicines and Health Products) and Paulo Lilaia, President of APOGEN.

Adrian van den Hoven, Director General of “Medicines for Europe” highlighted that “IMS report confirms the efforts by generic manufacturers to invest to bring better access for patients and more sustainability of pharmaceutical markets in Portugal and across Europe. Over the last decade, generics have increased the access to medicines by over 100% in seven key therapeutic areas without increasing the overall treatment cost. Millions of European patients have benefited from better access to "gold standard" therapies, treating most acute and chronic diseases - from cardiovascular to diabetes and even to cancer.”

It is also worth noting that the generic medicines industry employs more than 160,000 people in Europe and today generics already represent 56 percent of the medicines prescribed in Europe.

- **Social disease responsibility**

### **Affordable treatment for smoking cessation**

***According to latest scientific researches from around the world Sopharma' product Tabex® is best choice for smoking cessation treatment.***

### **2017 starts with good news concerning the registration and further development of Tabex®**

The buyer of the share of Sopharma AD in Extab – Achieve – is undertaking a merger with another strong player in the development and registration of innovative medicines – Oncogenex, a publicly traded company on NASDAQ (<http://in.reuters.com/article/idINFWN1EV0QP>). The procedure is expected to be completed by mid 2017 subject to approval from the US FSC. Sopharma AD will own approximately 3.5% in the newly created company, which will aim at filing the IND for Tabex in 2017.

### **The new beginning**

At the end of 2014 New Zealand scientists found out that the medicinal product Tabex® is the most efficient device for smoking cessation. We make our best to spread the news and to ensure further work on the registration of our product Tabex on new markets, especially where this disease is wide spread, with good outlooks.

### **Scientists from around the world: Bulgarian medicinal product is a top news headline in the fight against smoking**

Manager magazine

A Bulgarian medicinal product is the most efficient device for smoking cessation. This has been announced by New Zealand scientists as a conclusion from an independent study conducted by them. They carried out a study to compare the effect of the Bulgarian Tabex® - one of the leading products in Sopharma's portfolio, and the nicotine-replacement therapy (CASCAID). The results were published in the prestigious medical journal The New England Journal of Medicine. In their opinion, the Bulgarian product exceeded the other agents for discontinuation of the harmful habit, and what is more, at a significantly lower price and within a shorter period of treatment.

Tabex® has been used as a smoking cessation method for over 50 years in Eastern Europe. It contains cytisine, an alkaloid of the plant *Cytisus laburnum*, known as Golden Rain. Tabex® interrupts the vicious circle of cigarette dependence by influencing the desire for smoking and the habits related to the pleasure of a burning cigarette.

The study under the title of “Cytisine against nicotine for smoking cessation” was financed by the New Zealand Institute of Innovations in Health Protection and was the first study worldwide to compare the different kinds of therapy. It included 1310 smokers from New Zealand, half of them being given the Bulgarian product for a period of twenty five days, and the other half were treated with nicotine-replacement therapy (nicotine chewing gum, nicotine patches and nicotine lozenges) in a period of eight weeks. Participants were randomly divided in two branches of the study, with respect to ethnic origin, gender, level of addiction etc.

After the study, the head of the New Zealand research team, Dr. Natalie Walker, summarized that “the Bulgarian medicinal product is an effective means of smoking cessation, which can be used as a first-choice medicine for treatment of nicotine dependence and for lasting smoking cessation”. During the treatment, those participants who took Tabex® reported over 150% reduction of symptoms of nicotine abstinence compared to nicotine-replacement therapy.

Results showed that Tabex® had comparably better effect than the nicotine-replacement therapy. One month of non-smoking was reported in 40% of the participants on Tabex® and in 31% in those on nicotine-replacement therapy. The follow-up in two and in six months later showed that the Bulgarian product continued to be more effective and resulted in longer refraining from smoking than the nicotine-replacement therapy.

“Smoking is one of the leading causes of mortality worldwide. Since 70% of the smokers wish to give up cigarettes, but only 2,5% are successful, they need a support in the form of pharmacotherapy”, commented the Head of the Pulmonary Clinic at the Bulgarian Military Medical Academy, Assoc.Prof. Dr.Kosta Kostov. One of the reasons of the good effect of Tabex® is that during its administration the smokers already stop to get pleasure from the harmful habit and they much more easily and comfortably overcome „the terrible symptoms“ of nicotine dependence”, he added.

Another world authority in the field of medicine, Prof. Nancy Rigotti of Harvard Medical School stated in a TV interview at the beginning of the year that it is a matter of public health significance Tabex® therapy to become available for as many people as possible. This medicine is not only more effective, but more affordable either, it has been used for decades and has a good safety profile, therefore millions of smokers can benefit from it, points out Prof.Rigotti.

The famous scientist and expert on addictions, Prof. Robert West, is even more impressed by the Bulgarian herbal medication. In his comment for New Scientist Magazine he stated unequivocally that in his opinion Tabex® was the greatest news in the field of smoking cessation. “This is a tablet inexpensive to manufacture, which is affordable even for the poorest smoker and which can save the lives of millions”, added West.

## [Dr. Frank Bures: Does Europe have a smoking-cessation secret?](#)

"Cytisine has been available in the former socialist economy countries of eastern Europe since 1964. Made by the Bulgarian drug company Sopharma AD and sold as Tabex, it has never been available to most of the rest of the world. A new study from New Zealand reported in the Dec. 18 New England Journal of Medicine compared the cessation results of cytisine to varenicline."



### Dr. Frank Bures: Does Europe have a smoking-cessation secret?

Dr. Frank Bures Healthful Hint Jan 18, 2015 0



Dr. Frank Bures



Tobacco is likely the most addictive chemical we humans encounter (except maybe for Oreo cookies. Yes, someone studied them and found an addictive result). The search continues for aids to help people quit tobacco use.

Nicotine gum, lozenges, patches, (all called nicotine replacement therapy), some drugs first intended for psychiatric disease treatments, counseling, hypnosis, etc. have all been tried. Currently the favorite in the United States is a drug called varenicline — brand-name Chantix.

Varenicline was derived from a drug called cytisine. The plant *Cytisus laborinum* (Golden Rain acacia) first was used as a smoking substitute during World War II. This led to it being used as a smoking-cessation aid, with the extraction of the chemical cytisine coming later. The drug company Pfizer created different forms of it, called analogs, leading to varenicline's formulation and its fast-track approval by the Federal Drug Administration



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Cytisine and varenicline both bind to the cell receptors for nicotine, of which there are many. The one they have the most affinity for is nicotinic acetylcholine receptor  $\alpha 4\beta 2$ , the cell receptor that appears to mediate nicotine dependence. They only bind partially to give less kick than nicotine itself, but still decrease cravings.

Cytisine has been available in the former socialist economy countries of eastern Europe since 1964. Made by the Bulgarian drug company Sopharma AD and sold as Tabex, it has never been available to most of the rest of the world. A new study from New Zealand reported in the Dec. 18 New England Journal of Medicine compared the cessation results of cytisine to varenicline.

It pointed out right away that the cost of cytisine was far less than all others. The authors listed 25 days of cytisine cost \$20 to \$30, nicotine replacement therapy for 8 to 10 weeks cost \$112 to \$685 and varenicline cost \$474 to \$501 for 12 weeks.

This was the first study to compare the two drugs directly. The subjects were culled from New Zealand's national smoking quit line. They collected 1,310 people, divided them between the drugs, and used a phone self-reporting system for results and side effects. Any time this format is used, criticisms abound. But the results were still valuable.

The reported percentages of abstinence for cytisine vs. varenicline were 60 percent vs. 46 percent at one week, 40 percent vs. 31 percent at one month, 31 percent vs. 22 percent at two months, and 22 percent vs. 15 percent at six months.

.....

Of course, more studies are needed for approval in the United States. That is the stumbling block here and in Western Europe. The stumbling block to many people wanting to quit now is the cost of what's available. Cytisine would make it affordable almost everywhere.

Perhaps some highly motivated politico can become the standard bearer for getting it approved on a fast track, especially with 50 years' experience other countries. And maybe not.

As Milton Berle, the comedian, said, "You can a lead man to Congress, but you can't make him think."

### **Washington Post: Pill that quashes tobacco urge found in plain sight**

Rick Stewart didn't know about the laburnum trees growing in Bulgaria — and their potential to produce a drug for quitting smoking — back when he was the chief executive of the pharmaceutical company Amarin.

He was too deep inside the drug industry, a place often criticized for its short-sighted focus on profits. He had to fail first. Only then could he spot the opportunity in those yellow-flowering trees.

Now, with the help of the National Institutes of Health, Stewart is trying to introduce the laburnum-derived drug to the U.S. market. The pill works by interrupting tobacco cravings, much like Pfizer's top-selling Chantix, but possibly without that drug's high-profile side effects and at a much lower price. A recent run of positive studies have buoyed the pill's prospects. Today, researchers are excited about what could be the first new treatment for smoking cessation to emerge in years.

"We need this," said David Shurtleff, deputy director of the NIH Center for Complementary and Integrative Health, explaining why his agency is helping to get the drug approved.

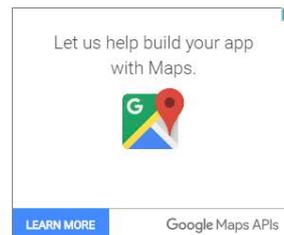
But laburnum's promise is not new. It was just overlooked — for decades — highlighting holes in how drugs are traditionally developed.



Business

## Pill that quashes tobacco urge found in plain sight

A 4 Save for Later Reading List



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In 2009, Stewart learned of the laburnum trees.

A co-worker told him about a company in Bulgaria named Sopharma that made a stop-smoking drug called Tabex. The pills contained cytisine, a natural compound found in the tree's seeds. The drug was farmed from massive laburnum orchards in Bulgaria. Cytisine targeted brain receptors to block nicotine cravings. Its power had been recognized since at least the 1940s, when Russian soldiers in World War II, short on tobacco, reportedly turned to smoking the tree's leaves. Some soldiers found they no longer needed cigarettes.

Sopharma began making the Tabex-branded cytisine pills in 1964, but they were available only in Central and Eastern Europe.

Stewart had never heard of the drug. But he was intrigued. He was also wary. Nearly 1 billion people smoke worldwide, according to the World Health Organization. Tobacco is blamed for 5 million deaths a year. A cheap, effective drug to help smokers quit would be huge. He wondered how others could have missed this opportunity.

There are only three treatment options for U.S. smokers looking to quit.

Chantix is the newest, debuting on the market in 2006. At the time, it was the first prescription drug approved for smoking cessation by the U.S. Food and Drug Administration in nearly a decade, since GlaxoSmithKline's antidepressant Zyban. Aside from those two drugs, there also are the nicotine-replacement gums, lozenges and patches. But that's it. The promise of treatments such as nicotine vaccines or other drugs had flamed out. Nothing new has come down the pike.

In 2008, Chantix (sold as Champix overseas) posted \$846 million in worldwide sales. But that blockbuster number dropped 17 percent the next year when the FDA slapped a "black box" warning on Chantix and Zyban because of the risk of suicidal behaviors and other mental-health problems. Facing a wave of damaging publicity, Pfizer went on to settle 2,900 lawsuits for nearly \$300 million. Chantix's reputation is still suffering. Last year, it recorded \$647 million in sales.

The risk of severe side effects alarmed Stewart.

Cytisine and Chantix work in similar ways. In fact, Pfizer chemists closely studied the plant product as they developed their synthetic drug. But Pfizer supercharged its derivative to increase efficacy. Stewart noted that Tabex had amassed a database of 5 million users in Eastern Europe without signs of Chantix-like side effects.

“Why aren’t we seeing the suicidality?” he recalls thinking. One study suggested it was because cytisine is less potent. And many researchers today believe the worst side effects attributed to Chantix — such as suicidal thoughts — are unrelated to the drug. (A Pfizer study to be released later this year is expected by many to support this notion.) But stark differences between the two drugs are found in other severe reactions, including abnormal dreams, insomnia and nausea. These are rare for cytisine, but seen in up to 30 percent of Chantix users.

Stewart struck a deal with Sopharma. He wanted to get the drug approved in Western Europe and the United States. Instead of calling it Tabex, the pill would be named Extab. But Stewart still faced a daunting problem with cytisine.

“There’s no money in it,” said Dr. Taylor Hays, director of the Nicotine Dependence Center at the Mayo Clinic in Rochester, Minn., who would love to see cytisine get a shot here. “And that’s what usually motivates people to try bringing it to market. The money is going to drive it.”

***“It’s just frustrating to think that there’s something that could be helping people and we’re not using it,” said Dr. Nancy Rigotti, director of the Tobacco Treatment Unit at Massachusetts General Hospital.***

A natural product like cytisine cannot be patented. That makes its market position harder to defend. And getting a drug approved requires millions of dollars. Drug companies say the cost of developing and getting approval for a new drug is \$1 billion. This might explain why some companies have seen blockbuster profits with treatments for rare diseases, such as Genzyme’s drug for Goucher disease, which costs \$300,000 a year.

“They’re fixated on patent protection and new drugs,” Stewart said.

Stewart is banking on two things to turn a profit with Extab. One is the limited cytisine supply. A competitor would need to plant vast orchards of laburnum trees — hundreds of thousands of them — and wait four years before the drug-containing seeds could be harvested.

The other thing is that Extab is new to the U.S. market. No one has ever tried to get it approved. So the drug would have five years of U.S. market exclusivity as a novel drug under the 1984 Hatch-Waxman Act. That’s less than the typical 20-year window for patented medicines. But it’s something.

“It’s a really old, novel drug,” Stewart says.

Still, he needed help getting the drug through the U.S. regulatory maze. He needed to get lucky. And he did.

British medical authorities offered to pay for and run a clinical trial of cytisine. In 2011, the findings were published in the New England Journal of Medicine, showing cytisine was 3.4 times more likely than placebo to help people quit smoking and stay that way for one year, on par with Chantix.

Then a review by University of Sheffield researchers compared cytisine with Chantix and concluded that while more investigation was needed, “Cytisine is estimated to be both more clinically effective and cost-effective than (Chantix).”

But the real turning point came in December, when another study was published in the New England Journal of Medicine. Researchers with New Zealand’s National Institute for Health Innovation found cytisine was superior to the nicotine-replacement gum or patch.

The drug now had two large-scale clinical trials under its belt.

But more work lies ahead.

“I’m either absolutely mad or I guess I really believe in it,” Stewart says.

European regulators and the FDA are considering what more they need, Stewart says.

**[The entire world could quit smoking if governments followed these 6 solutions](#)**

A new study published in the journal Addiction suggests countries have no excuse for not helping their citizens quit smoking. With tobacco still the leading cause of preventable death worldwide, killing some 5 million people annually, even the poorest countries can do their part. The international team of researchers behind the study offer up six methods that are globally affordable and shown to work.

1. Healthcare advice

.....

5. Cytisine

Cytisine is a cheap plant extract that binds with nicotine receptors to make smoking less satisfying. It also alleviates the withdrawal symptoms that make quitting so hard.

Cytisine has been in use under the Bulgarian brand Tabex for decades, but, regrettably, has yet to win over scientists in the Western world. According to the new model, cytisine could help people from all income levels quit smoking at a low cost. When used by people who smoke at least 15 cigarettes a day, cytisine has shown bumps to cessation rates of 6 percentage points.

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☰ **TECH INSIDER** INNOVATION

**The entire world could quit smoking if governments followed these 6 solutions**

 Chris Weller  
Aug. 4, 2015, 11:00 AM 3,149 1

 FACEBOOK  LINKEDIN  TWITTER  EMAIL  PRINT



**Ex-smoker® Tabex mobile application is on run**

Take extra care of your health – quit smoking assistance – learn, compete, quit quickly and win.



- **CSR programs**

***Sopharma AD in 2016: social commitment with many aspects***

Providing information about health culture, prevention of socially significant diseases, providing care for disadvantaged people, public engagement of employees – these are our priorities in the work for the benefit of society.

The social and health care for the elderly– this is not only medical treatment but care and attention as well. The endless waiting and queues in front of the GP’s cabinet, sometimes only to measure the blood pressure, is hard for a pensioner. To provide the feeling of actual care and support, we realize social projects in several pension clubs in Sofia, where we provide measuring of various health parameters such as blood pressure, carbon monoxide in the lungs, the volume of inhaled air, as well as a recommendation for a visit to the general practitioner, if necessary. The psychological support is also present in our prevention program, a specialist-psychologist with many years of practice is taking care of that. The project started in the pension club in Lulin and was supported by the Bulgarian Association of Pensioners (BAP), since it gave the pensioners the opportunity to share and solve actual problems that worsen their health and inner comfort.

Our online and mobile presence with advice on physical and mental health #здравя/zdravi and a positive look at life #силен ден (strong day) and created social commitment and focused the attention on health, as well as gained a lot of friends in social networks. A challenge for us is also the joint project with Darik radio #sopharmabike to promote healthy lifestyle in urban environment. Charity and empathy to a friend in need are combined in the expansion of the sustainable project “Help from a friend” which is now in its fifth year with the voluntary participation of Sopharma employees in the form of charity bazaars.

- ✓ **CSR programs related to civil society development**

**MediaMIXX 2016**

Traditionally Sopharma AD supports MediaMixx - the unique media festival in Bulgaria. As the only platform for media and its role in the society the festival brought together representatives from major Bulgarian media, journalists, media and PR

experts and bloggers. The congress was full of topics and discussions on freedom of speech, the new type of media as well as influence and involvement of the media in all problems of the society. Furthermore, comments were made on the future of the media after the digital revolution and the possibility of gamification of media. In 2016 following its natural growth the festival is already for CEE region. The 22th edition was held in Thessalonica, Greece.

### **Bulgarian Public Relations Society**

in association with Sopharma AD

The 20th anniversary from the establishment of the Bulgarian Public Relations Society (BPRS) was marked with a special event “20 years between communication and representation”. The oldest professional association of communicators presented the results from a research on the development of the PR profession in Bulgaria. Focus of the research was the trust between journalists and communicators and the admissible limits in the behavior of both sides, as part of communications and their effect on society.

At the beginning of 2016, Sopharma AD received recognition from BPRS for its partnership and sustainable positions on socially significant issues with the overall achievement award in public communications.

### **Supporting KRIB**

Sopharma traditionally supports Confederation of Employers and Industrialists in Bulgaria as an active partner in the social dialog. The company participates in publications of the organization and in KRIB's annual event.

### **✓ CSR programs related to healthy living**

### **The Tournament Sopharma 2016 Gathers the Best Sports Shooters in Bulgaria for the consecutive year**

The best Bulgarian sports shooters with pneumatic weapons competed in the second edition of the Sopharma tournament between the 10 and the 11 of November

2016 at Geo Milev Shooting Range in Sofia. The competition was organized jointly by the pharmaceutical company and Levski-Sopharma Shooting Club, and besides the top shooters with pistols and rifles in men's and women's category, the competition gave a chance to the talents in boys' and girls' category.

The demonstration contest for the media took place with the support of Tabex, with the participation of two of the best shooters, Maria Grozdeva and Antoaneta Boneva and Mr. Krasen Kralev, minister of sport as a special guest.



### Zdravi /Healthy social platform

Животът е хубав, когато сме...

**Здрави**

По един добър съвет за Всеки ген

ПРЕДЛАГА СЕ В **Google play** **Download on the App Store**

Здрави, е напълно безплатна апликация, която ви предлага лесни за следване и изпълнение дневни съвети по темата как да бъдем в добро физическо и умствено здраве. Следването на нашите съвети ще ви помогне да разширите познанията си за здравословното хранене, спорта, медитацията и ще ви помогне да се чувствате по-добре.

13 Февруари  
-четвъртък-

ОРИЕНТАЛСКИ ЕЛИКСИР

Истински дар от Ориента, богат на витамини, който трябва да присъства в ежедневно ни меню. Натуралният талант от изобилни съставки

Споделете съвет

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Показване на всички изтеглени файлове...

**Zdravi (Healthy)** is social platform, that includes a mobile application, blog and a facebook page society, active not only in all social media but also offline. Zdravi app gives one healthy advice everyday and promotes a healthy lifestyle by prevention. For only 3 years it has more than 53 000 downloads and more than 20 influencers as Zdravi ambassadors.

It has its group of health-supporters in the social media. After the free mobile application “Zdravi” Sopharma is launching the “Healthy” campaign with a portable Interactive installation designed especially for the project. The campaign is dedicated to promote easy to follow practices for healthy living by measuring health indicators, such as pulse, and providing easy to implement advice according to the health indicators measured, upon performing the advice, the installation drops the participator a present. The installation can be placed at different places where the people passing could interact with.

Zdravi made offline events during the years for healthy cooking, how to be healthy and beautiful, sport events. As a guest Zdravi participated in different forums related to healthy and active living.

### **Children’s Workshops “The Human Body”**

Children’s workshops “The Human Body” by @Zdravi and @Muzeiko showed different aspects of healthy living and how human body works. The project will continue all the year and participation in the workshops is absolutely free thanks to Sopharma AD.

The second workshop “What’s in the Food?” showed by experiments the nutrients contained in different foods. Using iodine solution, the children found that there are no carbohydrates in apples unlike the high content in rice, potato and starch. Again by experiments, it was established which of the freshly squeezed juices contained the highest quantity of vitamin C – from potato, from carrot or from lemon.

The nutrients in the products maintain our bodily functions, and the body route and “experiences” of food were demonstrated in an amusing animation. All other workshops are with different themes.



### Open Air Office

Open Air Office, the only open area coworking space initiative till 2016 summer, was accomplished with the cooperation of Sopharma. Open Air Office provided work space to everyone whose official duties are not associated with a particular office address. This initiative was entirely in line with the newest trends of the sharing economy, providing high-speed Wi-Fi from Max, independent power sources for mobile devices provided by Sopharma, coffee and water from Zdravi, and all of this being for free.

The idea of Open Air Office is to create a possibility for work in a healthier and more creative environment, without air-conditioning and with the endless creative energy coming from the inevitable crowdsourcing. Open Air Office was located at 16 Krakra Str., in the garden of Bulgaria-American Credit Bank and was happening with the conceptual participation of Credo Bonum Foundation. The Office worked every workday from 19th until 23rd of July.



### **Our PARK(ing) is much better than their parking**

On the 30th September “Zdravi” joined again the global initiative PARK(ing) Day. Parts of the parking spaces in Sofia were transformed into public spaces for people. Everyone had the chance to take part in writing “Life is good when we are healthy” by taking a photo with a letter of their liking and participating in the game of the application. As host #Zdravi usually challenges its visitors to do something good for themselves – to work out there, to test their minds or to stay hydrated with water and tea. Upon its first participation Sopharma’s social platform “Zdravi” offered the measurement of health indicators, advice from medical professionals and from the entertaining “Hugging machine” – an interactive installation which upon execution of the advice gives a present because we have taken care of ourselves. The support from Sopharma for similar initiatives is part of the efforts to transform our city into a modern and a pleasant for living home for everyone.

PARK(ing) Day was initiated in 2005 with a single location in San Francisco, USA, but today over 170 cities from 35 countries around the world “park”. Sofia joined PARK(ing) Day for the first time in 2011 at the initiative of Credo Bonum foundation



when the number of participants is only 11, but every year their number won't stop growing. Among the participants of 2016 are “House of Europe”, BACB, Credo Bonum, BukvArt, Da Da Cultural Station, HleBar, Rescue Relax, Roobar, 100 beers, SmartBooks publishing house, “KolichkaBar” and

many more.

#### ✓ CSR programs in Partnership

### Sopharma Supports ‘Get Ready to Succeed’ Program of the Bulgarian Charities Aid Foundation

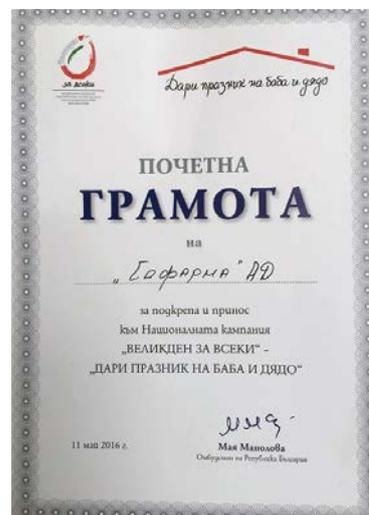
Sopharma joined the edition of the “Get Ready to Succeed” charity program of the Bulgarian Charities Aid Foundation. At a special ceremony 120 young men and women were awarded scholarships. Sopharma's choice to support two future medics is not a random one. Pharmacy and medicine have always been inextricably related and the existence of one of them is nowadays unthinkable without the other one. “Doctor” and “Pharmacist” are among those professions that could not develop without people’s trust, and the doctor’s profession is one of the few so highly important for society. Together, they restore the most valuable asset in life – health.



The scholarships under “Get Ready to Succeed” program were provided this year with the help of over 1000 individual grantors and 45 companies.

### “A Good Heart” for Sopharma as partner to “Easter for Everybody”

Sopharma supported the initiative „Donate a Holiday for Grandmother and Grandfather“. The National Ombudsman Maya Manolova presented the award „A Good Heart“ to Sopharma AD, as well as to all partners and donors who had supported the national campaign „Easter for Everybody“ – „Donate a Holiday for Grandmother and Grandfather“. At the formal ceremony, honorary statuettes, plaques, and medals were awarded to mayors, ministers, businessmen, media, heads of public, private and employer organizations, citizens, volunteers and many adherents to the noble initiative realized under the patronage of the National Ombudsman.



### **National CSR projects related to UNGC Network Bulgaria**

Sopharma is engaged in projects, which aimed different problems, important to the society, such as the meaning of work as act of creativity (I am Proud of the Work of my Parents Project), ecological problems (The Food way Project), anticorruption (Responsible Choice Project), healthy living. In 2016 we start action plan to SDG with the support of Rosen Plevneliev, President of Republic of Bulgaria. All these projects are possible with active contribution of our employees.

### **I am Proud of the Work of my Parents Project**

The projects breaks the stereotypes professions most wanted by children (a photo model, a fireman, a football player) For the fourth consecutive year Bulgarian companies, among which Sopharma, open their doors to children of their employees. The idea includes programmes and games specifically developed to show children why the work of their parents is important.

“I Am Proud of the Work of My Parents” initiative aimed at the revival of labour as a value and it took place for consecutive year in 20 companies, in 19 cities in the country. This year, the children will learn about 115 professions from more than 15 sectors of the economy.

The sustainability of the national initiative “I Am Proud of the Work of My Parents” leads to its natural expansion and upgrade. Since 2014, there has been an exchange of children between the companies. Thus, they have the opportunity to learn about more and different professions.

### **National project Responsible Choice**

***Transparent and responsible business is the only way to succeed and build the sustainable reputation and to empower the society.***

In our business strategy there is zero tolerance to any kind of corruption and we expect and require not only ethical behavior but actions to fight corruption from all our stakeholders and business partners We interact with all levels of government and therefore have the right and responsibility to express our corporate citizen position.

Sopharma AD contributes to the public debate for anti-corruption policy and as a company leader together with the UNGC Network Bulgaria we develop and conduct the **National project Responsible Choice**.



The RESPONSIBLE CHOICE project 2017 was just announced on World Consumer Rights Day and its aimed to food waste. For 2016 edition the program in Sopharma was under the slogan "One counts".

The "Responsible choices" is a part of the Strategic plan 2015 + of the UNGC aimed at achieving UN's tasks for sustainable development and in particular Task No 12 related to responsible consumption.

Within the "Responsible choice" program the Bulgarian network of the UN Global Compact focuses its attention on the transparency in the responsible production and supply on the part of companies; to demonstrate to the consumers that through their acts and purchases they have the power to change production practices, to manage the "fashion trends" imposed by advertisers and to educate not only their own selves but young people too in a culture of anti-consumerism. The program includes company in-house training of the personnel arranged in two basic modules developed by specialists in the field - "The responsible consumer" and "Consumer's rights",

"Responsible Consumption" is a module aimed at the employees of the companies that joined the project, and through it they can share their vision of what reasonable behavior is and how they can be active consumers. These in-house discussions will help in the writing of Responsible Consumer Guide. The daily choices we make, including as participants in the markets, reflect the level of our civil awareness.

By this project, we wish to place citizens in a more active position to have self-esteem and sense of duty that everything depends on them.

#1имазначение #отговорниятизбор

It started officially on the 3rd of April 2015 with the special guest Georg Kell, Executive Director of the UN Global Compact.

The start of the RESPONSIBLE CHOICE Project of Global Compact Network Bulgaria (GCNB) with the United Nations was reflected in the official website of Global Compact. Its announcement was attended by Mr. Georg Kell, Executive Director of Global Compact, who signed also the annual Memorandum of Understanding with the Bulgarian companies. The leading companies in the initiative include Sopharma AD, Overgas Inc. AD, TechnoLogistica AD, ContourGlobal Maritsa Iztok 3 AD, Mobiltel AD and University of Finance, Business and Entrepreneurship.



According to data from the initiative UN Principles for Responsible Investment (UN PRI), by the end of 2014, the companies traded on Sustainability Stock exchange numbered 18000, and the assets managed by UN PRI were 45 trillion US dollars. This shows clearly the meaning of responsible corporate citizenship and transparency. We believe that attracting a new type of “responsible” investors to our company would orient Bulgarian companies and would encourage end users to support the responsible campaigns through their purchases.

As a public company interest to our shares is the right indicator to all our actions and ethical company behavior.

The Company's shares are included in the indices Dow Jones STOXX EU Enlarged, Total Market Index 0.11% weight, with a weight of 5% in the Erste Bank Bulgaria Basket, the certificate of Raiffeisenbank - Raiffeisen Osteuropa Fonds and the certificate ABN AMRO SOFIX - Open-end-certificate and the new blue-chip index Dow Jones STOXX Balkan 50 Equal Weighted Index.

Sopharma AD is one of the three Bulgarian companies included in an index for Central and Eastern Europe (CEE), which the Warsaw Stock Exchange started to calculate on 30 May 2012. The name of the index is WIG-CEE and it is the third one after WIG-Poland and WIG-Ukraine, which is based on the origin of companies by country. WIG-CEE is calculated based on total return and includes income from dividends and subscription rights.

## Labor

*“I want to say that our success is due to the hard work of all employees and I would like to thank them”, Ognian Donev, CEO*

**Sopharma AD does not participate in any form of forced or humiliating labor. We provide to our employees decent work and use of relevant and objective criteria for all employment-related decisions.**

Employees	2016	2015	2014	Change %	Share in %

freedom of association	3 syndicates: 2 national representative and 1 “in house”				
Gender equality	Man 696 Woman 1138	Man 707 Woman 1182	Man 684 Woman 1145	1% -1%	38% 62%
<i>Education</i>					
Higher education	799	820	850	-	43%
Special education	41	44	49	-	2%
High school education	965	994	910	-	53%
Primary school education	29	31	20	-	2%
<i>Age</i>					
Up to 30 years of age	189	209	233	-1%	10%
31 - 40 years of age	390	421	432	-2%	21%
41 - 50 years of age	617	621	564	1%	34%
51 - 60 years of age	530	541	497	1%	29%
Over 60 years of age	108	97	103	1%	6%

Current decreased by number of employees is mainly due to the transfer of the team, responsible for the products, produced by Sopharma AD and intended for the free market (OTC products), to Sopharma Trading AD.

### **Sopharma AD provides different non-standard fringe benefits to employees**

Now that we require much of our employees, we provide also recreation opportunities – these are 4 holiday centers with preferential conditions for our employees.

We have several favorite fringe benefits. Kindergarten „Simba” is definitely one of them. For Sopharma it is the result of the natural development in the company employee-oriented policy and part of our internal communications. Of course, initially this idea was received with surprise and some internal resistance characteristic of every new undertaking, but today it is a place loved both by children and their

parents. The kindergarten ensured greater ease and comfort for parents, and our employees' children go „to work” every morning with mama and papa. At present, the kindergarten is attended by 25 children and there is an outdoor playground for them to play on.

The library is another fringe benefit that has become a favorite place for many of my colleagues and at present there are more than 100 regular readers. In addition to classics, one can find there the newest titles from the book market in our country. The interesting thing is that some of the books were given as a present by the employees themselves. The library has also a computer with Internet access, which the employees can also use.

Among non-standard fringe benefits we can mention the area for sport activities called "Healthy". It was at the idea of its employees that Sopharma made a free fitness club that can be visited by any of my colleagues. Yoga and folk dance classes are also being conducted in the territory of the company.

We provide also free training courses and qualification improvement, additional healthcare insurance, food vouchers.

What we find to be especially valuable is health care: there is a possibility for employees to visit medical specialists free of charge, if need be, as well as annual prophylactic examinations. The company provides „mobile rooms” to medical specialists.

We provide also free dental care for our employees at our own dentist's office.

Last but not least is our catering establishment based on the canteen principle, where various meals, including observance of certain diets /Lent, vegetarian/, are offered.

There is hardly a fringe benefit that can be noted as the most important. What everyone here appreciates is the entire policy aimed at improvement of the corporate life of employees. It is a fact that more and more people are committing themselves to companies they work at. To see this happen, a company should also demonstrate loyalty to its employees and should know how to build a creative and effective work environment.

**New acquisition at Sopharma's holiday base in Boboshevo!**

Sopharma's employees and their families spending their holidays at the base have 10 Drag Bicycles at their disposal. Bicycles are new, high quality and with performance characteristics suitable for the local ground conditions.



**Tennis Day with Sopharma**

The Bulgarian National Tennis Center and Sopharma AD organized jointly a Tennis Day with Sopharma sports festival for company employees and their families.

Sopharma AD also provided a free tennis camp for the children of its employees. With coaches and all-day special program, the children acquired new skills in a healthy environment, new friends and positive emotions.



Project	Change %		Employers involvement %	Issue	Partnership
	2016	2015			
<b>CSR programs related to civil society development</b>					
Bulgarian PR Society	100%	50%	-	12	BPRS
Mediamixx	200%	100%	-	6	Mediamixx
Bulgarian media annual meeting	100%	-	-	6	BTA
KRIB	0%	0%	-		KRIB
<b>CSR programs related to healthy living</b>					
Zdravi /Healthy social platform	0%	0%	20		
Sopharma bike & Drag			5	5	Drag, Sofia bike, Sophia municipality
Sopharma' Tournament for Best Sports Shooters	20%	100%	15	2	Sport club Levski
Free run Vitosha climbing	100%	-	5	1	Free run Vitosha
Children's Workshops "The Human Body"	100%	-	-	1	Bio Games Muzeiko
Open Air Office	100%	-	15	1	Credo Bonum foundation BAKB
PARK(ing) day	0	0	10		Credo Bonum foundation
<b>CSR programs in Partnership</b>					
'Get Ready to Succeed' Program of the Bulgarian Charities Aid Foundation	0%	100%	-	2	BCause
"A Good Heart" , "Easter for Everybody"	100%	-	-	1	

I am Proud of the Work of my Parents Project (UNGC)	20%	0%	30	4	UNGC
National project Responsible Choice (UNGC)	0%	0%	30	2	UNGC
World Environment day	-	50%	10	3	UNGC
Healthy at work (UNGC)	100%	-	50	1	UNGC
Charity program "Help for my friend" (handmade crafts bazaars)	30%	0%	500	7	-

## Production Process | Green Technologies

*All Sopharma' plants works according to GMP standards, but we move forward and invest in renewable sources of energy, smart buildings, etc. Nevertheless one of the most valuable resource is our employee participation in ecological projects.*

Energy-efficiency

Energy-saving technologies

Low environmental pollution

Renewable sources

European environmental standards

Comfortable climate in the building

Improved working condition

Ecological environment thinking

Reduced energy consumption



### **We are changing together the city we live in**

Sopharma is working to place free solar stations for mobile devices recharge. The design is already finished and waiting for municipality approval for the public places.

"Zdravi" innovative eco bicycle parking rack was opened during the close competition of the European Tennis Tournament of NTCveterans. It is the first one of a series of bicycle racks by which „#sopharmabike”, a joint project of Sopharma, Drag and Darik was closed. The "Zdravi" bicycle parking rack is designed for 12 bicycles and is placed near the tennis courts in the Borisova Gradina. On the occasion of its opening, the future tennis stars undergoing training at the NTC received a surprising present – eco birdhouses, which they themselves have to assemble and place where they want, and an opportunity to leave their bicycles at a beautiful and safe place. The next bicycle parking rack was placed in front of the National Library St. Cyril and St. Methodius. Our ambition is that more new and beautiful bike racks made of natural materials be installed, which would change our urban environment. Bike racks locations have been determined after voting on Facebook, and our next game will show the place of the new bicycle parking rack and what the inscription on it will be.