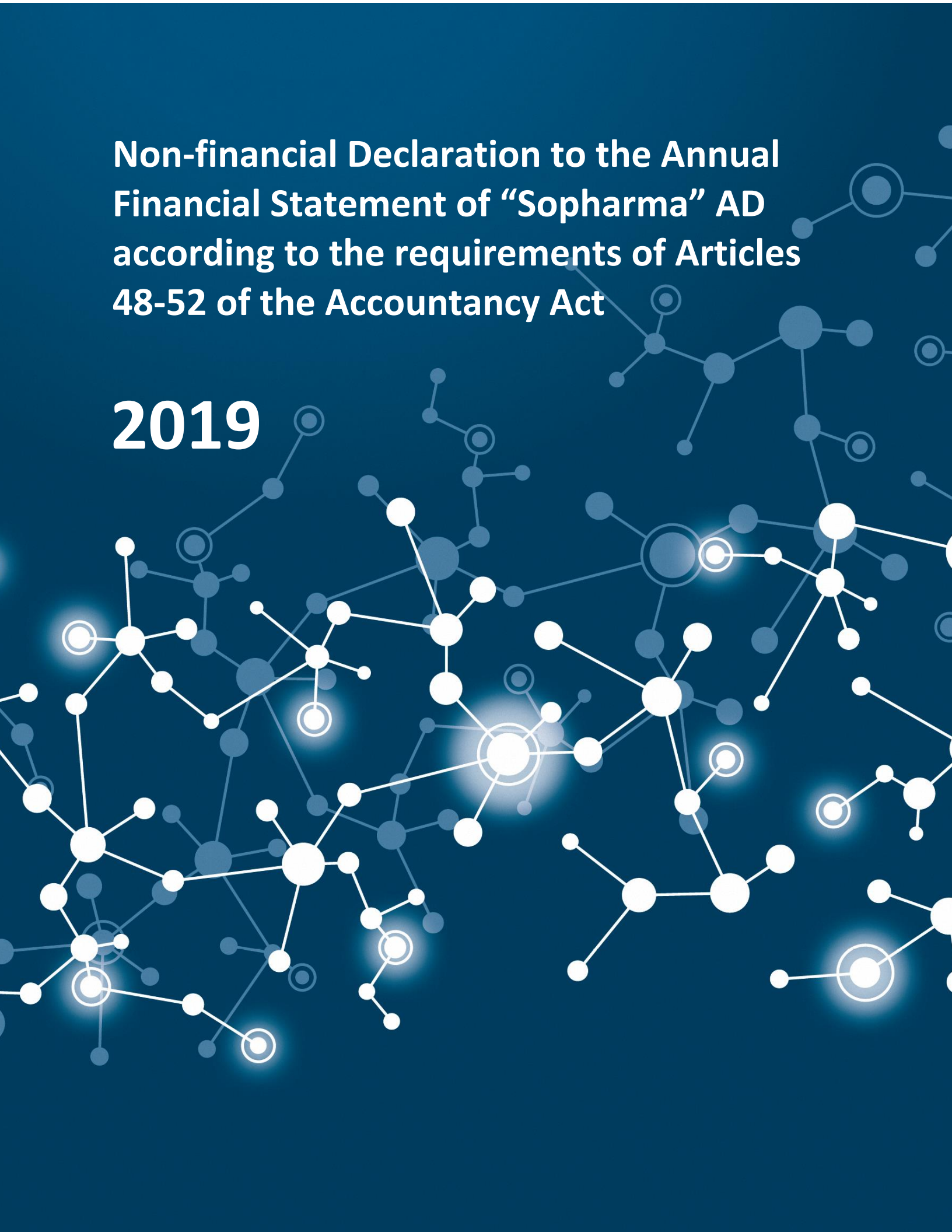


**Non-financial Declaration to the Annual  
Financial Statement of “Sopharma” AD  
according to the requirements of Articles  
48-52 of the Accountancy Act**

**2019**



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## ***Statement of support***

Dear partners,

Allow me to draw your attention to the non-financial declaration containing information about the activity of “Sopharma” AD in its capacity of a corporate citizen, which demonstrates its active and profoundly responsible attitude to the society and the environment. By taking into close consideration the issues of importance to its stakeholders, “Sopharma” AD follows the commitments it has made as a business entity targeted at achieving sustainable development and prosperity.

The Company supports and implements the Principles of the UN Global Contract and works to reach the UN Sustainable Development Goals adopted in 2015.

This Declaration contains a description of the major initiatives directed at the integration of the principles of sustainable development into our day-to-day activities and their economic, social and environmental impact.

“Sopharma” AD provides information to the stakeholders via all of the currently available communication channels.

## **I. About the Declaration**

The non-financial declaration describes the commitments which “Sopharma” AD, as a corporate citizen, assumes for the benefit of its shareholders and investors, the state and local authorities, consumers, customers and partners, the environment and society. The Company maintains an active dialogue with all of its stakeholders in defining the important topics in an atmosphere of transparency and completeness of the disseminated information concerning its business activities to the interested parties. With a clear awareness of the impact of the Company’s business operations on the socio-economic sphere, the environment and the community in general, “Sopharma” AD has been able to implement a measurement system focused on the actually established impacts and to work towards their ongoing improvement.

The declaration complies with the reporting requirements provisioned in Art. 48 of the Accountancy Act and contains a description of the policies of the Company regarding its activities in the field of ecology, social issues, employees, anti-corruption, human rights. It is based on the Official statements on the COP (UNGC Communication on Progress) submitted by “Sopharma” AD since 2006 - on the “active” level since 2012 and on the “advanced” level as of the year 2016.

## II. Scope of the Declaration

The Declaration provides a broad overview of a number of aspects of Sopharma's activities in its capacity of a corporate citizen for the period 01.01.2019 - 31.12.2019 and contains quantitative data used as impact indicators in the main areas described below.

### “Sopharma” AD

#### *Core values*

- ***We produce the highest quality generics and traditional medicinal products***
- ***We promote the health of our stakeholders through social projects and by providing reliable health information***
- ***We practice and advance environmental stewardship***
- ***We serve and support our local and global communities***
- ***We create ongoing win-win partnerships with our suppliers***
- ***We support team member happiness and excellence***
- ***We create wealth through profits and growth***

### 1. Vision, strategy and corporate governance

#### *Vision and strategy*

The vision and strategy of “Sopharma” AD ensure sustainable development and financial and economic benefits to shareholders in the context of the philosophy and mission that the Company considers to be essential in its operations. The strategy is reviewed annually and reflects the dynamics of the sector, both nationally and internationally.

#### *Corporate philosophy*

The production of medicines is not a simple technological process; it is a human mission based on the highest standards of quality, safety and medicinal effectiveness.

## *Mission*

“Sopharma” AD is an active participant in the progress and development of the pharmaceutical industry, which also contributes to the economic development and prosperity of the Bulgarian nation.

Since its establishment in 1933, the Company strives to provide affordable, effective and up-to-date medicines to the Bulgarian patient. “Sopharma” AD is the successor of the production and pharmaceutical laboratory of the Bulgarian Pharmaceutical Cooperative Society founded in 1914.

The production of medicines in a wide and modern portfolio, the creation of new jobs, sustainable development and economic contribution of the Company have been Sopharma’s leading principles ever since the establishment of the production laboratory and they are the principles to which “Sopharma” AD heres to this day.

“Sopharma” AD aims to develop, produce and deliver affordable, modern and efficient treatment to millions of patients in Bulgaria and to offer its products on the markets it has been able to access.

The Company has formalized its sustainable development activities through its 2004 UNGC accession. Since its establishment, it has been actively involved in various regional network projects and - starting in 2016 - has been considered "advanced" as defined in the Communication on progress. This highly responsible corporate behavior lays at the foundations of Sopharma’s business development. The CSR strategy is part of the development strategy and the various initiatives and projects support Sopharma's core business activities forming a part of the company's DNA.

### *Corporate citizenship policies*

Corporate citizenship of Sopharma develops according to following regulations and rules:

Corporate citizenship regulations and rules	Description	Adoption date	Last update
Republic of Bulgaria Constitution		1991	2015
10 principles of UNGC	<p>The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values divided in four major categories as follows:</p> <p>Human Rights Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.</p> <p>Labour Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.</p> <p>Environment Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p> <p>Anti-Corruption Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	2004	2015 SDG
SDG	<p>1. End poverty in all its forms everywhere</p> <p>2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	2015	

3. Ensure healthy lives and promote well-being for all at all ages
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5. Achieve gender equality and empower all women and girls
6. Ensure availability and sustainable management of water and sanitation for all
7. Ensure access to affordable, reliable, sustainable and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
10. Reduce inequality within and among countries
11. Make cities and human settlements inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

**Code of ethics**

Defines the rules of ethic and professional behavior applicable to all activates, preventing bureaucracy, corruption and illegal practice, aims at increasing public trust in the professionalism and morale of employees, thereby strengthening the authority of the Company.

2007

The company monitors the updating of the legislation concerning its activity and follows for its strict implementation.

### *Sources of corporate governance*

Corporate systems employed for the management and operation of “Sopharma” AD:

Corporate governance systems	Description	Adoption date	Last update
<b>Sopharma’s Articles of Association</b>	Sopharma’s Articles of Association define the corporate purpose, operations on capital and shares, the activities of the corporate bodies and the principles governing the respective responsibilities.	2003	2018
<b>Decisions taken at the General Meeting of Shareholders</b>	The General Meeting has the competence to amend the Company's Articles of Association, to take decisions concerning the Company's capital, to transform and terminate the Company, as well as all other obligations described in the Articles of Association and the applicable legislation	at least once a year	2019
<b>Code of conduct of the board of directors of “Sopharma” AD</b>	Code of conduct of the Board of directors of “Sopharma” AD.	2007	
<b>Good corporate governance program</b>	A system of rules protecting the rights of shareholders and other stakeholders.	2009	2019
<b>Good Manufacturing Practice GMP</b>	The good manufacturing practices is a system of rules and procedures which serves to guarantee the high quality of the medicinal products at every stage of their manufacturing.	2003	2018
<b>Good distribution practices /GDP</b>	The good distribution practices is a system of rules and procedures which serves to guarantee the high quality of the medicinal products at every stage of their distribution. The quality of medicinal products may be affected by a lack of adequate controls.	2003	2017
<b>ICH “Q8 Pharmaceutical Development”</b>	Principles and examples of Pharmaceutical Development.	2004	2017
<b>ICH “Q9 Quality Risk Management.</b>	Principles and examples of tools of quality risk management.	2006	2017



**Non-financial Declaration to the Annual Financial Statement of “Sopharma” AD according to the requirements of Articles 48-52 of the Accountancy Act - 2019**

<b>ISO 17025</b>	General requirements for the competence of the laboratories and for testing and calibration of the equipment and apparatuses used.	2014	2018
<b>AXAPTA</b>	ERP system, business management of processes and planning, manufacturing, supplies, marketing, financial management and control, management of clients relations, business analyses, etc.	2013	2017
<b>Internal Insider regulations</b>	Instructions and clarification on obligations and responsibilities with regard to Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.	2007	2019
<b>Policy for storing, processing and destroying documents containing personal data</b>	Instructions for the storage, processing and disposal of documents containing personal data in accordance with EU Regulation 2016/679 - General Data Protection Regulation	2018	2019

***Detailed description of the corporate management systems:***

- **Decisions made by the General meeting of shareholders of “Sopharma” AD**

The General meeting of shareholders is convened at least once a year. It has the power to amend and supplement the Articles of association of the company; to make decisions regarding the capital of “Sopharma” AD, to approve the annual financial statements after their certification by the appointed auditor, profit distribution, etc.

Extraordinary General Meetings are convened if necessary for taking a decisions, which is within the competence of the Shareholders' Meeting, in the last two years the Company has conducted six Extraordinary Meetings of Shareholders.

In response to the interest in the activity of the company and the desire of the shareholders to receive detailed information about the management's intentions, after each General meeting of “Sopharma” AD, the shareholders have the opportunity to talk with the Executive Director of the Company – PhD Ognian Donev, and the Investor Relations Director - Pelagia Viyacheva in a non-formal setting.

- **Procedural rules set for the Board of directors**

These rules ensure the effective organization of the Board’s working sessions which are convened at least once every three months and are held for decision-making regarding the managerial and operational and other issues concerning “Sopharma” AD.

- **The program for good corporate governance**

A system of rules protecting the rights of shareholders and other stakeholders concerning the timely and accurate disclosure of information on all material issues related to the Company and its strategic management, the control over the activity of the Board of Directors and its accountability to the shareholders.

This program conforms to the requirements of the regulation in the sector, to the internationally recognized standards for good corporate governance practices and to the Bulgarian national corporate governance code.

- **GMP /good manufacturing practices/**

The good manufacturing practices is a system of rules and procedures which guarantees the high quality of the medicinal products at every stage of their manufacturing. Its major purpose is to protect the patient's health.

The GMP certificate is a form of guarantee that the products in each finished batch are of uniform quality. As a manufacturer, “Sopharma” AD creates records at each technological stage, with a protocol for each operation proving that the employee has performed the appropriate action according to the preliminary instructions that are enshrined in the technology. These records are made during the production process and they show whether all of the measures, required as per the procedures and given instructions, are truly met and the quantity and quality of the finished products meet the expectations. Established flaws are also strictly recorded and the incongruities can thus be quickly and easily identified and the defective products withdrawn from the market.

The GMP deal with both the production process and the working conditions, the qualifications of the production personnel, the sales system in use and the method of product withdrawal from the respective market.

- **GDP /good distribution practices/**

GDP include an array of tools used in the activities of wholesale distributors, including preventing counterfeit medicinal products from entering the supply chain. Their implementation ensures an efficient control of the distribution chain and the maintenance of the high quality and integrity of the manufactured medicinal products.

The GDP are applicable to any and all activities including the supply, storage, delivery or export of medicinal products /excluding the sale to the end users/.

The system includes staff competence, working conditions and product storage as well as the permanent control of the entire production process up to the final delivery stage.

This system also includes competency of the employees, working conditions and product retention, control at any point in time to the final delivery.

- **ICH Q8 Pharmaceutical Development**

This standard applies to the overall process of creating new products: from the development stage to their official registration and also includes risk assessment and the related quality assurance systems as a part of the product's design and relates to the

components of the medicinal product in its entirety: the substances used, the excipients, the drug itself, the development of its formula and the process of its creation; the knowledge accumulated during the entire process and the physicochemical and biological properties of the drug; the development of the manufacturing process and the entire volume of gathered information which may be able to exert an impact on the the anticipated final result.

- **ICH Q9 Quality Risk Management**

ICH Q9 together with ICH Q8, serves to promote the development of science-based and risk-based approaches to quality control. ICH Q9 Quality Risk Management refers to quality control, creation-related activities, construction facilities, equipment and power capacities, material control and management, the manufacturing processes, laboratory control and testing, packaging, labeling and various other activities.

- **ISO 17025**

This international harmonized standard contains the general requirements related to the competence of the testing and/or calibration in laboratories, including sampling. The standard is intended for use by laboratories which set up their own quality control systems for both the administrative and technical activities. The results (protocols, certificates) issued by the accredited laboratories are used by the regulatory organs, the conformity assessment bodies for product certification as well as by the product manufacturers and others.

The possession of this certificate is a part of the risk control process and guarantees the reliability of the results obtained from the laboratory tests and assessments and - accordingly - the safety and the quality of the manufactured medicinal products.

- **AXAPTA**

Integrated high-end ERP system for business process management in the Company.

It improves efficiency, helps to make more precise decisions, and improves interconnections with the supply chain.

It supports sales management and planning, production to material planning and production capacity, supply chain management resources - stocks, warehouses and links between them, quality management.

The program enhances the project management process: accounting and invoicing, expenditure control, splitting to sub-projects, financial and human resource management.

- **Rules for insiders**

These rules are targeted at preventing the dissemination of insider information and market manipulations.

- **Policy for storing, processing and destroying documents containing personal data created, collected and used in the Company's course of business**

The policy defines the obligations of “Sopharma” AD in relation to the storage period and the manner of destruction of the various types of documents stored in connection with the activity of the Company. The policy has been created in accordance with the national and European legislation in force, and in particular in accordance with the requirements for the storage of personal data of EU Regulation 2016/679 - General Data Protection Regulation ("the GDPR", "Regulation").

### *Economic impact*

Economic and financial data	2019	2018	% change	Stakeholders
<b>Decision taken by General Meeting for payment of dividends per share</b>	0.05 for the first half	0.11	-	Shareholders
<b>Paid Taxes</b>	12 223	10 248		State and local authorities
<b>Taxes paid (profit tax excluded)</b>	7 653	6 186		
<b>Profit tax paid</b>	4 570	4 062		
<b>Payments to suppliers</b>	122 956	128 291		Suppliers /including hired services/
<b>Payments for wages and social insurance</b>	46 835	47 343		Employees

*The economic footprint is most clearly tracked through dividend decisions that show the relationship with stakeholders as shareholders; paid taxes, incl. paid corporate tax, which is a contribution to state and local authority; payments to suppliers showing relationships with companies in the supply chain; the cost of labor that shows employee relations as an interested party.*

## *Social Impact*

Economic and financial data	2019	2018	Stakeholders
Number of factories	10/2 246	10/2 274	Work places - employees
Training courses /BGN '000/	183	269	Employees
Social benefits and payments /BGN '000/	3 266	2 678	Employees
Medical services /BGN '000/	817	842	Employees
Donations /BGN '000/	299	289	Local communities
Investments related to pharmacy and healthcare system	10	11	All stakeholders
Investments related to development of the business environment (KRIB, ABIRD etc.) / number	6	5	All stakeholders
Investments to healthy lifestyle programs / number	9	11	Society
Investments in public communications /number	3	7	Society

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**Non-financial Declaration to the Annual Financial Statement of “Sopharma” AD according to the requirements of Articles 48-52 of the Accountancy Act - 2019**

**Ecologic impact**

<b>Data</b>	<b>2019</b>	<b>2018</b>	<b>%</b>
<b>Cost of raw materials (electricity, topo-energy, fuels, water; without main materials, waste and impairment) BGN 000</b>	19 393	19 053	
<b>Separate waste collection</b>			
<b>Air emission</b>	0*	0	0
<b>Water waste</b>	Waste water is treated in WWTP **		
<b>Employees trainings and inclusion in environmental protection activities</b>	Instruction of employees Instructions for recovery and separate collection of waste Instructions on how to deal with waste substances in the units		

\* Sopharma plants are GMP certified, which obliges us to control the degree of environmental pollution. Emissions of waste gases are below 50 tonnes per year, which according to standards is accepted as 0.

\*\* Organic fillers for tablets have not been used in manufacturing for years, ensuring zero wastewater pollution.

**Employees**

**Equal opportunities by sex, age and education**

<b>Employees</b>	<b>2019</b>	<b>%</b>	<b>2018</b>
<b>Women</b>	1 408	63%	1 396
<b>Men</b>	838	37%	878
<b>All</b>	2 246	100%	2 274

Non-financial Declaration to the Annual Financial Statement of “Sopharma” AD according to the requirements of Articles 48-52 of the Accountancy Act - 2019

<i>Employees/age</i>	<b>Number</b>	<b>Relative share %</b>	<b>Number</b>
	<b>2019</b>		<b>2018</b>
up to 30 y.	219	10%	229
31- 40 y.	416	18%	447
41 – 50 y.	651	29%	734
51 – 60 y.	755	34%	705
Over 60 y.	205	9%	161

<i>Employees/education</i>	<b>Number</b>	<b>Relative share %</b>	<b>Number</b>
	<b>2019</b>		<b>2018</b>
Higher education	952	42%	926
Colleges	47	2%	51
Secondary school	1 212	54%	1 263
Elementary education	35	2%	34

*Equal career opportunities*

<b>Employees hierarchy</b>	<b>Total</b>	<b>Women</b>			
		<b>2019</b>	<b>%</b>	<b>2018</b>	<b>%</b>
Top management	5	1	20 %	4	80%
Senior Management	43	23	53%	20	47%

*Right of association*

<b>Trade unions / number of employees</b>	<b>2019</b>	<b>2018</b>	<b>%</b>
2 nationally represented	269	411	12%

## Non-financial Declaration to the Annual Financial Statement of “Sopharma” AD according to the requirements of Articles 48-52 of the Accountancy Act - 2019

Employee data are provided by HR Department of “Sopharma” AD as at 31.12.2019. A recalculation of the data for 2018 was made, with data for “Unipharm” AD being added for comparability.

### Risks Monitoring

“Sopharma” AD monitors the following risks, identified as significant and potentially affecting its activities:

- Risks related to the macroeconomic situation in the country and other markets;
- Risks associated with the business and the industry in which the Company operates;
- Risks related to the markets in which the Sopharma operates;
- Risks related to foreign exchange rates and the currency board in force in Bulgaria;
- Credit risk.

They are presented in detail in a report on the activity of “Sopharma” for 2019.

Risk	Low	Medium	High
<b>Socio - political</b>		Loss of confidence in media (consumers also stop believing the ads included or additional info);	The reputation of “Sopharma” AD may be affected by misleading or incorrect information in media;
		Reducing the macroeconomic stability: The unstable political situation in Bulgaria and countries in which Sopharma operates may affect the company's activities;	Changes in legislation and regulations may lead to a Group's expenses increasing  Loss of confidence in the expertise of doctors or pharmacists
		Decline in foreign investment	Restrictions on household consumption, including for medicines
		Household indebtedness	
<b>Employees</b>		Fluctuation due to the highly competitive market Pressure to raise salaries and social benefits	Shortage of skilled workers with experience



**Non-financial Declaration to the Annual Financial Statement of “Sopharma” AD according to the requirements of Articles 48-52 of the Accountancy Act - 2019**

<b>Ecological</b>	Environmental risks are minimized as a result of GMP and other standards Potential risk as a result of natural cataclysm	
<b>Anticorruption</b>	Standard operating procedures for decision making	An attempt for involving to non-transparent practices on the part of monitoring institutions Unethical competition

## 2. Organizational structure

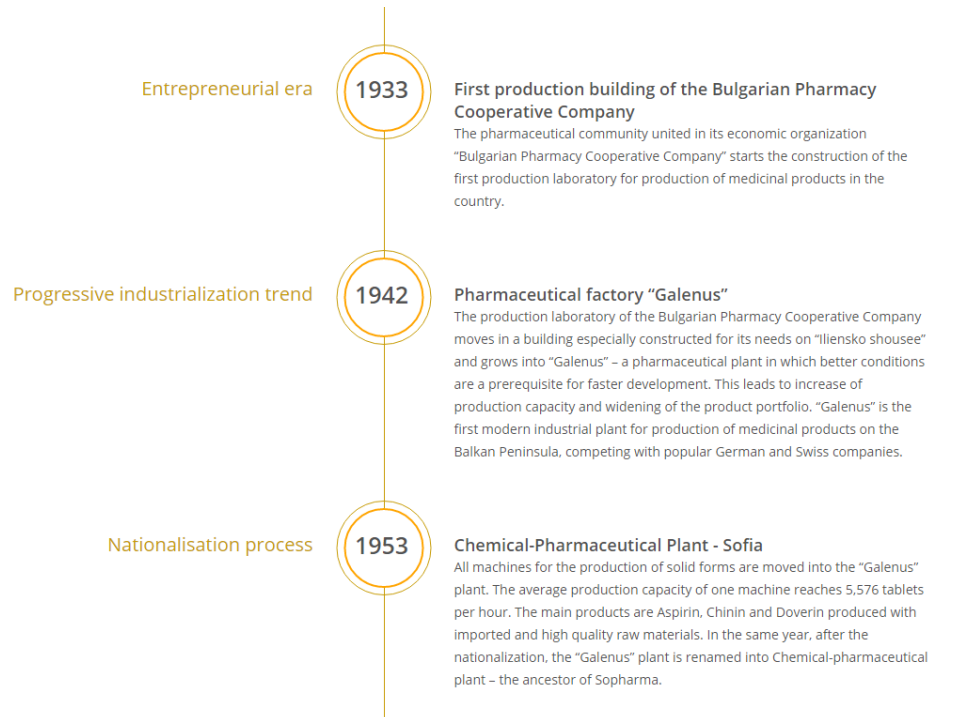
Deputy Chairman of the Board of Directors	Member of the Board of Directors	Independent Member of the Board of Directors	Independent Member of the Board of Directors
Director Business Development	Director Marketing	Director Sales and International Markets	<b>Representative office of Sopharma AD in::</b>  <b>Ukraine</b>  <b>Poland</b>  <b>Kazakhstan</b>  <b>Baltic States and Belarus</b>  <b>Turkey</b>  <b>Azerbaijan</b>  <b>Georgia</b>  <b>Armenia</b>  <b>Tunisia</b>  <b>China</b>  <b>Israel and the Palestinian Territories</b>
Director Finance	Director Production Issues	Director Logistics	
Director Investor Relations	Director Production Coordination	Quality management and regulatory compliance	
Director Institutional Relations	Production Manager	Medical and regulatory activities	
Director Comm Strategies and CSR	Director Quality Management and Regulatory Compliance	Director Operations Directorate	
Director Intellectual Property	Director Technical Issues	Director Human Resources	
	Director Security	Chief Accountant	

## 3. Products and services

The Company manufactures and trades in medicinal substances and forms developing, scientific research and engineering activities in the sphere of photochemistry, chemistry and pharmaceuticals. “Sopharma” AD has 10 production facilities in Bulgaria producing a range of pharmaceutical forms and substances.

The Company's activities and production processes are in full conformity with the related national and European legislation, the Good Manufacturing and Laboratory Practices and requirements. In addition to the standards required of the manufacturers of pharmaceutical products, „Sopharma” has also standardized its ISO-related activity through risk management programs and corporate management systems.

#### 4. Company development



## Non-financial Declaration to the Annual Financial Statement of “Sopharma” AD according to the requirements of Articles 48-52 of the Accountancy Act - 2019

Modern history- period of constant modernization and development

2000

### Privatization

After a successful privatization Sopharma becomes a private pharmaceutical company. The first years after privatization are a period of constant modernization and improvement. For the two years after the privatization period Sopharma unites six enterprises in a modern and dynamic corporate structure including: Sopharma AD, Unipharm ASD, Vramed AD, Pharmachim Holding AD, NIFHI AD and Rostbalkanpharm.

Market economy

2003

### Pharmaceutical plant “Sopharma – Vrabovo”, which is fully compliant with the European standards for Good Manufacturing Practices (GMP)

The President of the Republic of Bulgaria George Parvanov officially opened the new pharmaceutical plant “Sopharma – Vrabovo”. In this modern plant for production of medicinal products Sopharma invested 20 million BGN. Each step of the construction of the plant followed internationally accepted GMP (Good Manufacturing Practices) standards.

2004

### Sopharma fully licenses its production capacities according to the European standards for Good Manufacturing Practices

In 2004 Sopharma licensed its production facilities according to the European GMP which secured its strategic position after the EU accession in 2007. In the same year Sopharma increased its production capacity by adding another member to its group of companies - Bulgarian Rose - Sevtopolis AD.

2005

### Most modern Bulgarian logistics center

In 2005 Sopharma opened the most modern logistics center in Bulgaria (logistics terminal) for distribution of pharmaceutical products. The logistics center fully complies with the European Good Distribution Practice (GDP).

Distribution market

2006

### Construction of a new high-tech tablet factory for production of solid forms

Sopharma initiated the planning and construction process of a new highly technological tablet factory for the production of solid forms with doubled capacity and investment potential of over 40 million EUR. All activities related to planning, construction and validation fully comply with the European standards for pharmaceutical production and are approved by the Bulgarian Health Agency. For this project Sopharma received the First Class Investor Award.

2007

### Completion of a new ampoule plant in Sofia

In 2007 Sopharma made the next step in modernization and increased production capacity in the tablet production of Bulgarian Rose - Sevtopolis AD, Kazanlak.

2008

### The official opening of the new plant for pharmaceutical substances took place in 2008.

Being the only producer of ampoules in Bulgaria in 2007 Sopharma undertook a reconstruction of its ampoule facility in order to increase its production capacity.

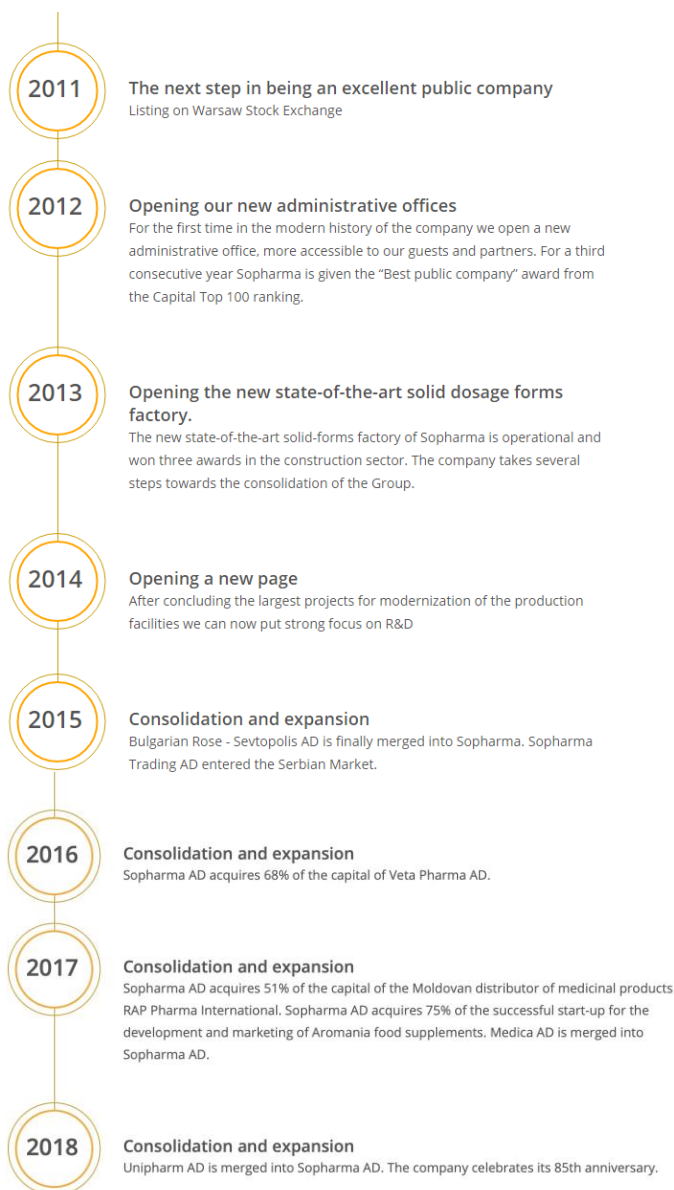
2010

### Registration of the first original product of Sopharma in Western Europe.

Start of construction of two new production plants in Serbia and Bulgaria and establishing of a subsidiary in Poland.

## Non-financial Declaration to the Annual Financial Statement of “Sopharma” AD according to the requirements of Articles 48-52 of the Accountancy Act - 2019

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### **III. Strategy for corporate social responsibility**

#### **1. Definition**

Responsible Corporate Citizenship is the only path to a sustainable business development with a clear vision of the goals, the necessary resources to achieve these goals and the impact from the company's business on the economic, social and environmental sphere. Along with the investments made in its business, “Sopharma” AD works hard to achieve UN’s SDG 2015.

“Sopharma” AD actively shares the information on its activities with all stakeholders. The CSR strategy, initiatives and specific activities are planned and developed, coordinated and implemented by the Communication strategies and the CSR directorate after obtaining the approval of the management of “Sopharma” AD. The Director of the Communication strategies and the CSR directorate is subordinate to the Executive Director of the company; the directorate itself is run by a CSR and Corporate communications manager.

The policies and specific projects are targeted at four major directions:

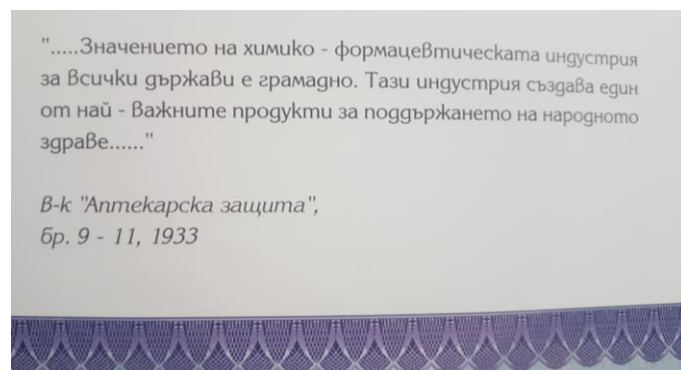
- Market
- Stakeholders
- Environment
- Society

Description of the projects can be found in the Scope section of the non-financial declaration section.

#### **2. CSR management (corporate social responsibility)**

Corporate responsibility lies at the very foundations and beginnings of the Company’s activity, whose primary purpose of establishment was to build an industry in support of people's health, to provide jobs for the population and to further develop the country's economics. These far reaching targets are evidenced and clearly revealed in a 1933 publication by the newspaper “Aptekarska zashtita” (The Pharmacist’s Guardian, Bul.):

„The importance of the chemical-pharmaceutical industry to all countries is enormous. This industry creates the most important products for the maintenance of public health.“



From the organizational viewpoint, the CSR was defined as an activity in 2003. It was then a part of the Marketing and advertising department obligations and as of 2013 became a major priority in the work of the Advertising and corporate communications directorate, headed by a CSR manager. By focusing on socially oriented projects, as a tool for boosting the reputation of the company, this unit is named the “Communication strategies and CSR” department and it is actively engaged in working both with the marketing structures and with the “Investor relations” directorate.

### *Core areas of corporate responsibility*

#### *Strategic Management*

Market	Employees	Environment	Community	Corporate Citizenship
<b>Transparent corporate governance</b>	Responsible employer: Zero discrimination regarding the right to work, sex, etc,	Environmental management systems	Contribution to economic development	Anticorruption
<b>Guaranteed product quality and safety</b>	Ensuring the right of association	Reduction of environmental impacts	Developing the healthcare system	Work on SDG 2015
<b>Sustainability</b>	Employee development	Responsible use of resources	Health prevention	Participation in the establishment and implementation of international pharmaceutical standards

<b>Ethical Competition</b>	Decent labor wages	Reduction of direct impacts	Providing Affordable healthcare	Working with partner organizations
<b>Responsible marketing</b>	Ensuring healthy and safe work conditions	Reduction of indirect impacts	Investing in education	Joint projects of organizations in which „Sopharma” is a member
<b>Responsible procurement</b>	Social benefits for employees	Participation in environmental projects	Investments in public communications	Development of the generic industry in the country
<b>Development of pharmacy sphere</b>	Internal communication	Training of employees for separate collection of waste and environmental issues		

### 3. Memberships

In order to adequately create and implement its CSR strategy, “Sopharma” AD works with partner organizations such as the BCAUSE foundation, the Bulgarian Public relations association, the European association of communication directors, the Investor Relations association. The company is a member of a number of business and branch organizations with which it holds discussions and works on the objectives and challenges faced by CSR in Bulgaria.

Sopharma is:

- A member of the Confederation of the Employers and Industrialists in Bulgaria (CEIBG). <http://ceibg.bg/>
- Member-cofounder of the Association of Bulgarian Exporters (ABE), with goal is to develop the National strategy for export Member of AHK, a connecting link between Bulgarian and German economics, with more than 450 German, Bulgarian and multinational companies – members. <http://bulgarien.ahk.de/bg/>
- Full member of the American Chamber of Commerce in Bulgaria. The American Chamber of Commerce in Bulgaria unites more than 300 American, Bulgarian and international companies operating in the country from all sectors of the economy. All members of AmCham share a common vision of corporate social responsibility and a good corporate reputation as one of the most important criteria for membership. [www.amcham.bg](http://www.amcham.bg)

- A founder-member of the Association of Bulgarian Pharmaceutical Manufacturers, at present Bulgarian Generic Pharmaceutical Association (BGPharma), its priorities being harmonization of interests with regard to the general national and international mechanisms for regulation of drug manufacture and use, improvement of GMP principles application and observation of loyal competition principles. <http://www.bgpharma.bg>
- Founder-member of the Bulgarian National Committee of the International Chamber of Commerce and elected as a full member of the International Chamber of Commerce (ICC). ICC is the most prestigious organization in the field of international trade and international economic relations. Its principal mission is to stimulate transborder trade and investments and to assist business corporations to face the challenges and possibilities resulting from globalization. [www.iccwbo.org](http://www.iccwbo.org), <http://www.icc-bulgaria.bg>
- Member of UN Global Compact Bulgarian Network <http://www.unglobalcompact.bg>
- Member of the National Corporate Governance Committee, established to promote the implementation of good corporate governance practices and the development of the Bulgarian National Corporate Governance Code. The Commission is a permanent independent body created under the auspices of the Bulgarian Stock Exchange (BSE) and the Financial Supervision Commission (FSC), with the support of the World Bank and the International Finance Corporation (IFC) [www.nkku.bg](http://www.nkku.bg)

#### 4. Commitment to stakeholders

From the point of view of “Sopharma” AD, an interested party may be any group which is directly or indirectly related to the company's activities; on the one hand this may be any party which has the potential to exert an influence on the decision making process regarding the company's business development as a socially responsible organization.

The relationship with its stakeholders is the true indicator of the company's success rate; of Sopharma’s place in the economic and social life of the country and an assessment of the viability of the adopted course for its development.





- Key stakeholders are the patients for whom Sopharma's products are a remedy and the means of improving the quality of their lives.
- Shareholders: being a public company “Sopharma” AD is responsible before the investors, who have put their trust in the adopted development strategy and the presented results, for each and every decision made. That is why the CSR programs of the company is presented as a part of each annual report prepared and submitted by the management of “Sopharma” AD.
- The state and local government authorities.
- Partners: Sopharma's success depends on the success of the companies down the chain of suppliers and partner companies.
- Employees: Today's employees are among the most valuable assets of any company, especially in high-tech manufacturing - such as the pharmaceutical - and the investments in personnel generate a considerable return. Employees are the first ambassadors of the company's mission, of its corporate culture and reputation. In addition to the healthy and safe work environment, career opportunities and the social benefits which Sopharma accepts to be the minimum in its labor relations, the company strives to build an atmosphere of shared common values with its employees and to engage in public projects which are of importance to them.
- Local community: “Sopharma” AD owns 10 factories in the country and being a major investor in some regions has undertaken responsibilities far beyond its business commitments. The company invests resources in projects of considerable importance for these regions. At the same time - and as the biggest Bulgarian pharmaceutical manufacturer “Sopharma” AD has been able to successfully launch a number of various nationwide campaigns.

“Sopharma” AD maintains an ongoing open dialogue with all stakeholders through different communication channels depending on the target group: the official corporate media, official BSE announcements, the social networks.

The dialogue with the shareholders, the central and local authorities, business partners and the non-governmental organizations is carried out both through the traditional communication channels but also via the participation in and the support of a number of various events, discussions and joint projects. Traditional communication channels have been the “Sopharma” AD corporate site, the Sopharma Group website, the company's activity reports, the COP report submitted to the United Nations Global Compact as well as the newsletters published by the partner organizations. The informal communication channels include Sopharma profiles in various social networks, the company’s mobile applications, etc.

“Sopharma” AD communicates to all stakeholders through different channels:

<b>Stakeholders</b>	<b>Communication channels</b>	<b>Frequency of communication</b>
<b>Patients</b>	Product websites	weekly
	Official corporate sites	when there is new information; Sopharma use its corporate site for news related with European generic association, changes in regulations and laws; etc.
	Website of the group <a href="http://www.sopharmagroup.com">www.sopharmagroup.com</a>	
	FB, Instagram, Twitter	daily
	Social platform Zdravi	daily
	Mobile app Zdravi	daily
	Mobile app Ex Smoker	daily
<b>Shareholders</b>	Market research	when needed
	General Meeting of Shareholders	Yearly at least
	Meetings	
<b>State and Local authorities</b>	Official corporate sites	
	Annual conference “Business meet the Government”	Yearly
	Pharmaceutical forums	2-3 summits per year
	State and Local authorities websites	daily
	Official corporate sites	daily
<b>Suppliers</b>	Working groups related to pharmacy and healthcare system	regularly
	meetings	regularly
	mailing	

<b>Employees</b>	Internet FB Corporate websites Mailing	When needed Daily When needed
<b>Society</b>	Healthy life conferences Public communication conferences FB, Twitter, Instagram	Daily  4 conferences Daily
<b>Partners</b>	Meetings and conferences  Working groups	Regularly

## IV. Spheres covered by the non-financial declaration

### 1. Market

“Sopharma” AD is aware of its role of a significant factor in the pharmaceutical sector at a European level and in the Bulgarian economy.

As a leading vertically integrated Bulgarian manufacturer, exporter and distributor of pharmaceutical products, the Company imposes standards to the companies along the chain, following the principles of transparency and responsibility of the management.

The corporate sustainable development of the Company requires investments also in the spheres of research and development, quality management, industrial property, publicity and transparency.

The products and the business model that we create place Sopharma among the top 10 companies in the Bulgarian pharmaceutical market and first in terms of sales in units with a market share of 10%.

### Review of the results

Key indicator	Unit	2019	2018
Market share in natural terms	%	10	11.3
Market share in value	%	3	3.4

The market share in units of the products of “Sopharma” AD as well as the share of the OTC products are an indicator for the positioning of the Company in the consciousness of the users. The reputation of the Company as a function of the sustainable business model, the quality and the accessibility of the medicines as well as the adequate CSR (Corporate Social Responsibility) Strategy have an impact over the preferences by the end user at the point of purchase of medicines.

“Sopharma” AD has a 3% share of the total Bulgarian pharmaceutical market in value and 10% of sales in volume. The positions of the main competitors of the Company in the country are as follows: Novartis - 7% (4% in units), Roche – 6% (0.2% in units), Actavis – 4.5% (9% in units), Pfizer – 3.8% (1% in units), Merck Sharp Doh– 3.8% (1% in units), Abbvie – 3.8% (0% in units), Glaxosmithkline – 3.4% (2.5% in units), Sanofi-Aventis – 3% (2% in units), Astra Zeneca – 2.6 % (0.5% in units).

### **Corporate management**

“Sopharma” AD is a Bulgarian joint-stock company with a one-tier management system. The Company is managed by a Board of Directors in a membership consisting of: PhD Ognian Donev – Chairman and members Vesela Stoeva, Ognian Palaveev, Aleksandar Tchaushev, Ivan Badinski. The Board of Directors elects an Executive Director amongst its members who represents and manages the Company: PhD Ognian Donev.

The Board of Directors determines the guidelines and the strategic plan for development of the Company and the operational implementation is performed by a managerial team reporting to the Executive Director – PhD Ognian Donev.

### **Production activity**

“Sopharma” AD has 10 production plants in Bulgaria, which function with regard to the requirements of the EU and of the Bulgarian legislation:

1. Plant for solid dosage forms, city of Sofia
2. Plant for solid dosage forms, village of Vrabevo
3. Plant for solid dosage forms, city of Kazanlak
4. Plant for solid, liquid dosage forms and medical devices - city of Sofia
5. Ampoule plant, city of Sofia
6. Lyophilic production, city of Sofia
7. Chemical plant, city of Sofia
8. Suppository plant, city of Sofia
9. Gamma sterilization, city of Sofia
10. Plant for medical consumables, city of Sandanski

“Sopharma” AD is the biggest Bulgarian manufacturer of ampoules and suppositories and a sole manufacturer of lyophilic dosage forms in Bulgaria.

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The production activities of the Company are carried out and developed in the following areas:

- Substances and preparations based on vegetable raw materials (phytochemical production);
- Ready-to-use formulations, incl.:
  - ✓ Hard tablets, coated tablets, film-coated tablets, capsules;
  - ✓ Galenic - suppositories, drops, syrups, ointments;
  - ✓ Parenteral - injection solutions, lyophilic powder for injection;
- Medical and cosmetic products, incl.:
  - ✓ Plasters;
  - ✓ Dressing products;
  - ✓ Sanitary-hygiene products;
  - ✓ Herbal cosmetics;
  - ✓ Concentrates for hemodialysis.

#### Products

“Sopharma” AD produces products for the following therapeutic groups: cardiovascular, gastroenterological, dermatological, psycho-neurological, antiallergic, respiratory, analgesic, rheumatological.

The Company has over 200 products in its portfolio, mainly generics and 15 traditional products, of which 12 are plant-based.

Taking into consideration the responsibility related to its market position, Sopharma invests in new production capacities, technologies and products for the attainment of more accessible and efficient treatment:

Investments	2019	2018
Marketing authorizations / number	1	1
Investments in new products / number	1	1
Pharmaceutical developments of medicinal products and active substances / number	17	15
Investments in new technologies / transferred and validated / number	64	19
Marketing authorizations for pharma products for new destinations / number	47	41
Cosmetic products, food supplements and medical devices notified / registered in Bulgaria and other countries	34	342

The Company invests in enrichment of the generic portfolio working for introduction of generic products:

- Proven to be efficient
- Ratified as a golden standard in the treatment of various diseases
- Topical with regard to the markets

### **Responsible marketing**

“Sopharma” AD pursues a flexible marketing policy, taking into account the possible increase of the delivery prices of the raw materials and the materials, the changes in the requirements to the manufacturers of medicines for the suppliers of raw materials, as well as the specifics of the market of medicines.

The selection, approval and subsequent management of suppliers in Sopharma is done systematically on the basis of the principles described in ICH Q10 Pharmaceutical Quality System and EudraLex - Volume 4 - Good Manufacturing Practice (GMP) guidelines.

Activities are consistent with the Change Control Criteria (ICH Q10 3.2.3) and Material and Process Requirements under Good Manufacturing Practice (GMP) guidelines Part 1, with internal procedures approved in a standard operating procedure for change control and standard operating procedures on the approval of manufacturers of active substances, auxiliary substances, packaging materials, feedstock and are managed through an internal eDMS system. The selection and evaluation criteria cover qualitative criteria, regulatory compliance, certification status, documentary security as well as economic, financial criteria and delivery parameters. Approved manufacturers and deliveries are subject to continued monitoring as part of the purchasing process management.

To guarantee the required quality of the substances for its original products (Tabex, Nivalin) “Sopharma” AD made perennial plants of yellow acacia and grows a marsh snowdrop in its own greenhouse in Sopharma Kazanlak.

Sopharma has a developed policy and procedures for evaluation of its counteragents making a regular risk assessment. The Company has over 70 Bulgarian and foreign licensed traders of medicines, with proven history of the interrelations on the main markets as its partners.

The communication messages of the Company are in conformity with the national ethical rules for advertisement and commercial communication.

### **Ethical competition**

“Sopharma” AD strictly observes the national and European legislation and the requirements related to the rules for competition. The Company is guided in its activity by the conviction that ethical behavior is a mandatory condition for development of the free market.

The Company is exposed to strong competition on the one hand and on the other hand – to new forms of cooperation in the sphere of health care.

Sopharma invests predominantly in development of generic production, and it is expected that the role of the generic industry and sustainable health care in Bulgaria and in Europe will grow up.

The enhanced competition and the development of R&D, inclusive of the bio-equivalent medicines create new forms of cooperation: co-marketing and co-development activities; contract manufacturing; licensed production.

Initiatives for encouragement of the successful competition start worldwide:

- Revocation of patents for third countries to provide assistance to the generic products in the EU to be competitive against the generic companies from Canada, the USA and Japan;
- Signing an agreement for mutual recognition of the inspections of the production sites for drugs for human medicine between the USA and the countries from the EU which are expected to enter into force for all the member-states of the EU.

## **2. Employees**

“Sopharma” AD invests in its employees with the conviction that they are its most valuable asset. As a responsible Employer the Company follows up certain principles of labor interrelations:

- Zero tolerance to any kind of discrimination at the workplace;
- Provision of healthy and safe working conditions
- It provides possibilities for development based on equality per gender and age
- Provision of a right of affiliation and labor protection of the employees

### **2.1. Employees as Shareholders**

Following a proposal of the Board of Directors at the regular General Meeting of Shareholders of Sopharma, held on 15 June 2018, it was decided to provide shares as a bonus for 2018 to the employees of the company for the occasion of the 85th anniversary of the Company. It applies to all persons who are in an employment relationship with the company or are working under a management contract at the date of the decision. The bonus is at the expense of the Company's own shares.

The main reasons for this decision are the value of the people, thanks to which the current results of the company have been achieved; creating additional motivation and interest in success; encouraging the development of the capital market in Bulgaria; raising the financial culture of a significant circle of people; creating an alternative to employee savings.

## **2.2. Safety**

Due to the nature of its activity Sopharma guarantees the safe health working conditions following the standards of the GMP.

- For workplaces, occupations and types of work Personal protective equipment is to be used, including special workwear, following an order signed by the Sopharma Executive Director Ognian Donev, prepared according to Regulation No. 3 on Minimum Safety and Protection Requirements workers' health when using PPE on work place / Prom. State Gazette, no. 46/2001), Ordinance on free working and uniform clothing (promulgated SG No. 9/2011) and in accordance with Article 284 of the Labor Code.

- Each team familiarizes, follows and observes safety instructions for machines and equipment (approved by the Production Director).

## **2.3. Workplaces according to the knowledge and skills**

Along with that, the Company provides its workers and employees with workplaces corresponding to their knowledge and skills. The highly technological production, as the pharmaceutical production nowadays is, assumes a continuous enhancement and expansion of employees' skills, which for Sopharma is an investment in a significant asset. The programmes for enhancement of the qualification and the courses, which the Company offers to its employees, aim at the increase of their level of competence. Investments in trainings (education) in 2019 are BGN 183 thousand.

As a part of its social responsibility Sopharma introduced a system providing fair payment for the efforts and additional stimulation of the workers.

Beyond its direct commitments as an employer, Sopharma creates and develops social projects and programmes and participates in community events directed at the employees and at their families.

## **2.4. Healthy life:**

- Additional health services;
- Free dental services;
- Availability of nurses in the plants of the Company;
- Annual free examinations by specialists;
- Fitness free of charge;
- Courses in folk dances free of charge;
- Inclusion in the programme for physical activity Multisport;
- Involve employees in various competitions such as @SopharmaTeam: tennis court; cycling competition; participation in ultra marathons.



### 2.5. @SoSociety, SoSopharma

Indicator	2019	2018
<b>Parental Care</b>		
<b>Total number of employees that took parental leave</b>	5%	9%
<b>Total number of employees that returned to work in the reporting period after parental leave ended</b>	2%	2%
<b>Total number of employees that took unpaid parental leave</b>	<1%	<1%
<b>Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work</b>	3%	3%
<b>A baby set for each new-born baby / number</b>	30	29
<b>Assistance for each first year pupil – a rucksack with all the needed aids</b>	100	80
<b>Free kindergarten on the territory of Sopharma for children of the employees of the Company / number</b>	30	30
<b>Leisure time</b>		
<b>Free library / number of employees</b>	70	60
<b>Providing accessible and modern recreation facilities for the employees in Vrabovo village, Boboshevo village, Pomorie and Ovcharov beach / number of employees using the facilities – between 1 000 and 1 500 employees annually</b>		

## 3. Ecology

“Sopharma” AD stands up for and observes its commitments in conformity with the national legislation in the sphere of the preservation of the environment. The Company applies measures for:

- Separate waste collection, minimization, utilization and recycling of the production and domestic wastes;
- Provision of appropriate training of the personnel on issues related to the preservation of the environment and the prevention of pollution;
- Satisfaction of the imperative requirements of Decree of the Council of Ministers 137 and of the Ordinance on Packages and Wastes of Packages;

- The emissions of waste gases in the ambient air from the Phyto-Chemical Plant and the Plant for Solid Dosage Forms are annually measured;
- Monthly Sofiyska Voda (Sofia Water) measures the emissions in the waste waters on the production sites A and B;
- The production wastes are handed over to licensed companies for recycling;
- The conditions from the Permit for Bellmouthing are satisfied;
- Once a month a report is made for the input and/or put onto the market packages in conformity with the kind of the material, which a monthly installment is paid for in Ecobulpack AD, which “Sopharma” AD has a contract concluded with, for utilization of the wastes from packages.

“Sopharma” AD works entirely on the basis of the prescriptions of the GMP and GDP standards, but it also invests in creating "smart" buildings, renewable energy sources, the growing of its own crops and so on, the major objective being to reduce the company's negative impacts on the natural environment.

#### **4. Society**

“Sopharma” AD uses its extensive expertise and resources to contribute not only to the economic and social development, but also to enhance the cultural environment and the quality of human life through the creation and development of specific projects. The company supports the development of an active civil society in the country and takes firm positions on an number of socially important issues.

##### ***Local Societies***

“Sopharma” AD invests in its local production sites to protect the jobs for local communities. Traditionally the company was a supporter of different projects in Vrabevo such as a trading center with a pharmacy store and a restaurant; St. Archangel Mihail church’s roof repairs; local lyceum Christo Botev in Vrabevo, local lyceum in Sandanski.

“Sopharma” AD invested in 7 guest houses in Vrabevo as a base place for employees’ holidays.

“Sopharma” AD works with Veliko Tarnovo municipality starting with projects for donations of medicines for clubs for elderly and retired people, but the program was outspread to investments in renovations of the clubs, donations for the community centers, free computers for the students of the Military University in Veliko Tarnovo, etc.

In 2019 “Sopharma” AD continues with donations of medicines and tools for health indicators measurement.

## *Citizens*

### *Adopted alley*

In 2019 Sopharma held its first volunteer action on the tourist promenade "Dendarium - White Water". The volunteers cleaned the ditches and culverts, painted the park infrastructure and of the alley in the village of Kiseliste.

## *Partnerships*

### **1. Bulgarian Network of Global Compact**

As an active member of Global Compact Bulgarian Network we “Sopharma” AD participates in joint projects of the Network “‘I Am Proud of the Work of My Parents’, ‘The Road of the Food’, ‘Responsible choice’ and ‘Healthy at Work’”.

“**I Am Proud of the Work of My Parents**” was held one more time in Sopharma, and in 2019 all factories were included in the program. In 2019, 20 companies participated in 17 cities in the country, showing 110 professions from more than 15 sectors of the economy. The idea is for businesses to show the children of their employees, through specially designed programs and games, why their work is important.

The “**Responsible Choice**” Project aims to show that the companies can, through transparency in responsible production and supply, demonstrate to the consumers that with their actions they have the power to change the production practices, to influence the „fashion“ imposed by advertisers and to nurture anticonsumerist culture in themselves and in young people.

### **“Healthy at Work” Games for Good**

“Healthy at Work” is a programme for building up healthy habits and way of life of the employees of the companies through sharing good practices and information.

The project “Game for Good” is part of the program and includes a team competition from soccer players, tennis players, bikers and volleyball. Sopharma is usually the host of the tennis court tournament.

For the first time in 2019 the Sopharma team included employees from the factories in Sandanski, Vrabevo, Kazanlak and “Sopharma Trading” AD.

### *Investments in public communication*

“Sopharma” AD supports the development of public communications as a basis for any democracy. The Company works beyond the ideas of traditional pharmaceutical projects and supports forums and festivals related to longevity, healthy lifestyles, the development of public communications.

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### **Investments in new communication channels, including mobile apps**

“Sopharma” AD communicates through the Group's website and corporate profiles on social networks and #Zdravi, #Silenden, #Ilovemyheart profiles.

“Sopharma” AD supports the “Just be” festival for healthy living and self development.

### **Investments in public communication development**

“Sopharma” AD is a partner of the Bulgarian Public Relations Society and the Annual Meetings of Bulgarian Media Abroad.

#### ***Digital Social Responsibility***

“Sopharma” AD communicates with its stakeholders primarily through its website: <http://www.sopharmagroup.com/bg>.

The Company communicates with all stakeholders through the new digital tools and works to digitize the healthcare system in our country. The Company communicates through the Youtube channel of “Sopharma” AD and its profiles in Twitter and Facebook.

Anyone can find information about the questions of interest, not only through corporate profiles, but also in profiles associated with different topics #Zdravi, #Silenden, #Ilovemyheart. The Company has created two mobile applications - #Exsmoker and #Safe. #Healthy is a social platform that includes a mobile app, a blog and a Facebook society, not only active in social media, but also in the offline environment. The objective is to create a community by providing one advice per day related to physical and spiritual health, showing that "healthy" does not mean difficult or boring. Mobile Application #Healthy won the first Digital Oscars for Online IAB Project, and the Online and CSR Awards of the Bulgarian Public Relations Society Business Sector.

#### ***Pharmaceutical Industry***

The European industry for generic and biosimilar medicines fulfils its mission by providing high quality medicines for patients in Europe, increasing their access to effective treatment and partnering for sustainable healthcare.

The generic and biosimilar industry is developing a model for sustainable pharmaceutical innovations associated with the development and manufacture of value-added products that can improve health outcomes and efficiency in hospitals.

“Sopharma” AD participated in various meetings and international conferences on healthcare in 2019.

***Sustainable business development***

**Corporate transparency** - an initiative of the German-Bulgarian Chamber of Commerce and the Couses Foundation to mark International Anti-Corruption Day. The purpose of the event is to increase public sensitivity to the problems of honesty, transparency and accountability in the work of Bulgarian companies through annual monitoring, exchange of experience and transfer of know-how from leading companies.

**Corporate Governance Roundtable - Building Sustainable Practices or Regulatory Burden**

Good corporate governance is one of the important conditions for increasing the confidence of local and foreign investors in the Bulgarian capital market, as well as a basis for the sustainable development of Bulgarian companies.

Sopharma's support as a sponsor, participant in the discussions and presenter of good practices in corporate governance is an indicator of the company's conviction that sustainability is the right path for business development.

16 March 2020  
Sofia

The image shows a handwritten signature in blue ink to the left of a circular blue stamp. The stamp contains the text "БЪЛГАРИЯ" (Bulgaria) at the top and "СОФАРМА АД" (Sopharma AD) at the bottom, with a stylized logo in the center.

**Ognian Donev, PhD**  
**Executive Director**