

DECLARATION

for corporate governance

according to art. 40 of the Accounting Act and art. 100n, para 8 of LPOS
of “SOPHARMA” AD

*The undersigned Ognian Ivanov Donev, in my capacity as an Executive Director of
“Sopharma” AD, declare the following:*

I. Information on compliance, as appropriate, with the Bulgarian Corporate Governance Code prepared by the National Corporate Governance Commission (NCGC), approved by the Deputy Chairman of the Financial Supervision and Corporate Governance Commission, which is applied by “Sopharma” AD (the Company) in addition to the Code

“Sopharma” AD adopted with a Decision of the Board of Directors and continues to comply with the established in October 2007, with subsequent amendments in 2012, 2016 and 2021, National Code of Corporate Governance (NCCU), approved by the Deputy Chairman of the Financial Supervision Commission.

Good corporate governance is a set of balanced relationships between the Management Bodies of the Company, its shareholders and all stakeholders - employees, business partners, creditors of the Company, potential and future investors and society as a whole.

The Board of Directors of “Sopharma” AD adheres to the Good Corporate Governance Program, which is in line with effective regulation, internationally recognized standards for good corporate governance and the Bulgarian National Code of Corporate Governance.

Along with the principles of recommendatory nature, “Sopharma” AD establishes a certain set of requirements for corporate governance, compliance with which is mandatory for the management bodies of the Company, namely:

- Protection of shareholders' rights;
- Ensuring fair treatment of all shareholders, regardless of the number of shares held by them;
- Recognition of the rights of the interested parties and promotion of the cooperation between the Company and the interested parties;
- Ensuring timely and accurate disclosure of information on all matters related to the Company, including the financial condition, results, ownership and management of the Company;
- Supporting the strategic management of the Company, control over the activities of the Board of Directors and its accountability to the Company and the shareholders.

The Corporate Governance Code is applied on a **"comply or explain" basis**. This means that companies comply with the Code, and in case of deviation, their management should clarify the reasons for doing so. Companies publish information on the implementation of the Code in their annual reports and on their web pages.

The actions of the management of “Sopharma” AD are aimed at establishing the principles of good corporate governance, increasing the confidence of shareholders, investors and persons interested in the management and activities of the Company.

The Board of Directors approves the Disclosure Policy in accordance with the legal requirements and the Articles of Association.

“Sopharma AD” participates in the establishment of the National Corporate Governance Commission.

1. MANAGEMENT OF THE COMPANY - BOARD OF DIRECTORS

1. 1. Functions and responsibilities

The Board of Directors of “Sopharma” AD manages the Company independently and responsibly in accordance with the established vision, goals and strategies of the Company and the interests of the shareholders. The members of the Board of Directors give a guarantee for their management in the amount of their quarterly gross remuneration, determined by the General Meeting of Shareholders. During their term of office, the members of the Board of Directors shall be guided in their activities by the generally accepted principles of integrity, loyalty, managerial and professional competence. The Board of Directors complies with the Code of Ethics of the Company's employees, adopted by the Board of Directors on March 26, 2007.

The management of “Sopharma” AD, represented by the Board of Directors, also:

- monitors the results of the Company's activities and, if necessary, initiates changes in management;
- treats all shareholders equally, acts in their interest and with the care of a good trader;
- strives to follow the economic, social and environmental priorities of the Company;
- encourages the implementation and monitors the compliance of the subsidiaries with the adopted principles of sustainable development at group level, also promotes the establishment of a culture of sustainable development;
- ensures and controls the integrated functioning of the accounting and financial reporting systems;
- ensures and controls the construction and operation of a risk management system, incl. for internal control and internal audit;
- is responsible for the creation and reliable functioning of the financial information system of the Company;
- gives the guidelines, approves and controls the implementation of: the business plan of the Company, essential transactions, as well as other activities, as established in the Articles of Association of the Company;
- reports on its activities to the General Meeting of Shareholders, preparing an annual report and submitting it for approval to the GMS.

1.2 . Election and dismissal of members of the Board of Directors

The General Meeting of Shareholders elects and dismisses the members of the Board of Directors of “Sopharma” AD, in accordance with the law and the Articles of Association of the Company, observing the principles of continuity and sustainability of the work of the Board of Directors. All members meet the legal requirements for holding office.

In case of proposals for election of new members of the Board of Directors, the principles of compliance of the competence of the candidates with the nature of the activity of the Company are observed.

The Management Agreement with the Executive Director is in accordance with the Articles of Association and the Policy developed by the Board of Directors to determine the remuneration of the members of the Board of Directors, approved by the General Meeting of Shareholders on September 25, 2020. The contract contains clauses that determine the obligations and tasks of the person, the criteria for the amount of his remuneration, his obligations for loyalty to the Company and the grounds for dismissal.

1.3. Structure and competence

The number of members and the structure of the Board of Directors are determined in the Articles of Association of the Company. The company is managed and represented by a Board of Directors, which consists of five individuals meeting the requirements of Art. 234 of the CA and Art. 116a, paragraph 2 of the Law on public offering of securities.

The composition of the Board of Directors elected by the General Meeting is structured in a way that guarantees the professionalism, impartiality and independence of the decisions and actions of its members in connection with the management of the Company.

The Board of Directors shall ensure a proper distribution of tasks and responsibilities among its members. The main functions of the members of the Board of Directors and the number of independent members are enshrined in the Articles of Association and the law. The main function of the independent directors is to control the actions of the executive management and to participate effectively in the work of the Company in accordance with the interests and rights of shareholders. There is one independent member of the Board of Directors of “Sopharma” AD.

The competencies, rights and obligations of the members of the Board of Directors follow the requirements of the law, the Articles of Association and the standards of good professional and managerial practice.

The members of the Board of Directors of “Sopharma” AD have appropriate knowledge and experience, which is required by their position. After their election, the new members of the Board of Directors should be familiar with the main legal and financial issues related to the activities of the Company. The company stimulates the raising of the qualification of the members of the Board of Directors.

The members of the Board of Directors have the necessary time to perform their tasks and duties. The Articles of Association of the Company do not specify the number of companies in which the members of the Board of Directors may hold managerial positions, in order not to limit their activities.

The election of the members of the Board of Directors of the Company is done through a transparent procedure, which provides, among other things, timely and sufficient information about the personal and professional qualities of the candidates for members. The number of consecutive terms of office of the members of the Board of Directors ensures the effective operation of the Company and compliance with legal requirements. According to the Articles of Association of the Company, the members of the Board of Directors may be re-elected without restriction.

1.4. Remuneration of the members of the Board of Directors

The Board of Directors of “Sopharma” AD has prepared and implements a Remuneration Policy, adopted by the General Meeting of Shareholders on September 25, 2020. The Remuneration Policy has been developed in accordance with Ordinance № 48 of March 20, 2013 of the Financial Supervision Commission and the Law on public offering of securities. The amount and structure of the remunerations are determined by the General Meeting of the Company.

In accordance with the legal requirements and good practice for corporate governance, the amount and structure of remuneration take into account:

- The obligations and the contribution of each member of the Board of Directors in the activity and the results of the Company. The members of the Board of Directors receive a permanent remuneration in the form of an amount determined by the General Meeting of Shareholders, paid under the terms and conditions of the management contracts concluded between them and the Company.
- The possibility for selection and retention of qualified and loyal members of the Board of Directors of “Sopharma” AD. These requirements are applied through the Remuneration Policy of the members of the Board of Directors, adopted by the General Meeting of Shareholders on September 25, 2020.
- The need for compliance of the interests of the members of the Board of Directors, the long-term interests and the sustainable development of the Company. The remuneration of the members of the Board of Directors is formed on the basis of the results of the Company's activity and is in accordance with the business strategy, goals, values and long-term interests of the Company.
- The executive member of the Board of Directors receives a permanent remuneration in the form of an amount determined by the General Meeting of Shareholders, paid under the terms and conditions of the management contract concluded between him and the Company. According to the Articles of Association of the Company, in case of a positive financial result /profit/ and by decision of the General Meeting, the Executive Director is entitled to receive a one-time remuneration of up to one percent of the net profit of the Company.
- The remuneration and bonuses of the members of the Board of Directors and of the Executive Director of the Company must be determined by the General Meeting of Shareholders.
- The remuneration of the independent directors is only permanent without additional incentives and reflects their participation in meetings, as well as the implementation of their tasks to control the actions of the executive management and to participate effectively in the work of the Company.

So far, the executive member of the Board of Directors has not been granted shares, stock options or other financial instruments.

By qualified majority, the Board of Directors may decide to determine the range of employees, among which an amount of up to 2% of the value of the Company's profit for each financial year shall be distributed as a bonus. The same is possible only in the presence of a decision of Shareholders to determine the specific amount of the bonus on the General Meeting, which adopts the relevant audited annual financial statements and if there is a positive financial result /profit/.

The disclosure of information about the remuneration of the members of the Board of Directors is in accordance with the legal norms and the Articles of Association of the Company.

Shareholders have easy access to the adopted company policy for determining the remuneration and bonuses of the members of the Board, as well as to information on the annual remuneration and additional incentives received by them. Information on the remuneration of the members of the Board of Directors is presented in the annual financial report, in the Report on the implementation of the Remuneration Policy of the Board of Directors and is published on the website: www.sopharmagroup.com

1.5. Conflict of interests

The members of the Board of Directors shall endeavor to avoid and prevent any actual or potential conflict of interest.

The procedures for avoiding and disclosing conflicts of interest are regulated in the Articles of Association of “Sopharma” AD, in the Code of Ethics of the Company, as well as in the Policy for Disclosure of Information of “Sopharma” AD in connection with the requirements of MFPA and Regulation 596/2014. of the EU.

The members of the Board of Directors have an obligation to immediately disclose conflicts of interest and to provide the shareholders with access to information on transactions between the Company and its subsidiaries and members of the Board of Directors or related persons.

A potential conflict of interest exists when the Company intends to enter into a transaction with a legal entity in which a Member of the Board of Directors or related persons have a financial interest.

Art. 114 of the LPOS describes in detail the hypotheses under which the persons who manage and represent a public company, including the persons - representatives of a legal entity that is a member of the management body of the public company, without being expressly authorized by the general meeting of the public company, cannot undertake certain transactions. Art. 114 of the Law on public offering of securities and subsequent, provide an opportunity for shareholders to review and approve in advance transactions involving interested parties and related parties in order to avoid conflicts of interest and violate the rights of shareholders.

1.6. Committees

The work of the Board of Directors is supported by committees, as the Board of Directors determines the need for their establishment in accordance with the specifics of the Company.

In accordance with the requirements of the current legislation and on the basis of the criteria determined by it, the Board of Directors proposes to the General Meeting of Shareholders of the Company to elect an audit committee that meets the legal requirements and specific needs of the Company.

Committees are set up on the basis of a written structure, scope of tasks, functioning and reporting procedures. The Audit Committee of “Sopharma” AD consists of three people, with a 3-year term determined by the GMS. The members of the Audit Committee meet the requirements of the Independent Financial Audit Act.

2. INDEPENDENT FINANCIAL AUDIT AND INTERNAL CONTROL

The Audit Committee of “Sopharma” AD and its members, in their capacity as persons in charge of general management, provide supervision of internal audit activities and monitor the overall relationship with the external auditor, including the nature of non-audit services provided by the Company's auditor.

The management of “Sopharma” AD, assisted by the Audit Committee, motivates in writing before the General Meeting its proposal for selection of an auditor, guided by the established requirements for professionalism.

The management of “Sopharma” AD ensures compliance with the applicable law regarding the independent financial audit.

A rotation principle is applied in the proposals and selection of an external auditor. The auditors are selected by the GMS for each financial year.

“Sopharma” AD has a system in place for internal control, which includes identifying the risks associated with the activities of the Company and supporting their effective management. It also ensures the effective functioning of reporting and disclosure systems.

3 . PROTECTION OF SHAREHOLDERS 'RIGHTS

The management of “Sopharma” AD, represented by the Board of Directors, guarantees equal treatment of all shareholders, including minority and foreign shareholders and protects their rights, as well as facilitates their exercise within the limits allowed by applicable law and in accordance with the Articles of Association of the company. The management provides information to all shareholders about their rights, financial results of the Company and corporate events through an information disclosure system and the Company's website.

3.1. General meeting of the shareholders

Information on the rules according to which general meetings of shareholders are convened and held, including voting procedures, is available to all shareholders. The corporate management of “Sopharma” AD provides sufficient and timely information on the date and place of the General Meeting, as well as complete information on the issues to be considered and resolved at the meeting.

During the General Meeting, the management of “Sopharma” AD ensures the right of all shareholders to express their opinion and ask questions.

- Shareholders with voting rights have the opportunity to exercise their voting rights at the General Meeting of the Company in person or through representatives, as well as by correspondence or electronically. The procedure for the participation of the shareholders in the General Meeting is announced in the Invitation.
- Management maintains a database of contacts of its shareholders holding 5 or more than 5% of the company's capital, which allows sending direct messages to them or to a specific person.
- The management exercises effective control by creating the necessary organization for the voting of the authorized persons in accordance with the instructions of the shareholders or in the ways permitted by law.
- Management organizes and conducts regular and extraordinary General Meetings of the Company's shareholders in accordance with statutory procedures that ensure equal treatment of all shareholders, including minority and foreign, and the right of each shareholder to express its views on the agenda of the General Meeting.

- The Management Board shall determine the procedures and the procedure for holding the General Meeting of Shareholders in a manner that does not complicate or increase the cost of voting unnecessarily.
- The management takes actions to encourage the participation of shareholders in the General Meeting of Shareholders, incl. by providing the opportunity for remote presence through technical means (including the Internet) in cases where this is possible and necessary, and does not contradict the NCCU.

All members of the Management try to attend the General Meetings of the shareholders of the Company.

3.2. Materials of the General Meeting of Shareholders

The materials related to the General Meeting of Shareholders are available to the shareholders from the day of announcing the invitation to convene it in the Commercial Register. They are submitted to the Financial Supervision Commission and are published on the Company's website: www.sopharmagroup.com as well as in the relevant media, at least 30 days before the date of the General Meeting and upon request are provided free of charge to shareholders.

The texts in the written materials related to the agenda of the General Meeting are specific and clear and do not mislead the shareholders. All proposals regarding major corporate events are presented as separate items on the agenda of the General Meeting, incl. the profit distribution proposal.

The Company maintains on its website a special section on the rights of shareholders and their participation in the General Meeting of Shareholders.

The management of the Company assists the shareholders entitled under the current legislation to include additional issues and to propose decisions on issues already included in the agenda of the General Meeting.

3.3. The management of the Company guarantees the right of the shareholders to be informed about the decisions taken by the General Meeting of Shareholders.

The minutes of the general meetings of shareholders are published within the statutory period, subject to the requirements for maximum publicity and transparency of information provided, its simultaneous publication, using sufficiently accessible platforms for information disclosure, including its own website. All materials from the held general meetings of the shareholders shall be kept accessible to the shareholders and all interested parties for a period determined in the LPOS.

In 2022 “Sopharma” AD held one General Meeting of Shareholders.

The Board of Directors considers that preconditions have been created for sufficient transparency in the relations with investors, financial media and capital market analysts.

3.4. Equal treatment of shareholders of one class

All shareholders in one class are treated equally.

All shares within one class give equal rights to shareholders of the same class.

3.5. The management of “Sopharma” AD guarantees the provision of sufficient information to investors regarding the rights granted by all shares of each class before their acquisition.

3.6. Consultations between shareholders on fundamental shareholder rights

Within the limits allowed by the current legislation and in accordance with the provisions of the Articles of Association of the Company, the corporate management does not prevent the shareholders, including the institutional ones, from consulting each other on issues related to their basic shareholder rights. committing abuses.

3.7. Shareholder transactions with controlling rights and abusive transactions

The management of “Sopharma” AD does not allow the implementation of transactions with shareholders with controlling rights, which violate the rights and/or legitimate interests of other shareholders, including under the terms of negotiations with itself.

3.8. Remuneration policy

The Board of Directors of “Sopharma” AD prepares a Report on the implementation of the remuneration policy of the members of the Board of Directors in 2022. The report reveals the way in which the Remuneration Policy is implemented, paying special attention to avoiding the creation of incentives for excessive risk-taking, conflict of interest or other behavior leading to adverse consequences. The amount and structure of the remunerations are determined by the General Meeting of the Company.

4 . DISCLOSURE OF INFORMATION

The management of the Company approves the policy for disclosure of information in accordance with the legal requirements and the Articles of Association.

In accordance with the adopted information disclosure policy, Management establishes and maintains a disclosure system.

The information disclosure policy guarantees equality of the addressees of the information (shareholders, stakeholders, investment community) and does not allow misuse of inside information and manipulation of the market of financial instruments.

The management of the Company also:

- ensures that the disclosure system provides complete, timely, accurate and comprehensible information that allows for objective and informed decisions and assessments;
- promptly discloses the capital structure of the Company and agreements that lead to the exercise of control in accordance with its rules for disclosure of information;
- within the limits of the current legislation and in accordance with the provisions of the Articles of Association of the Company ensures that the rules and procedures under which the acquisition of corporate control and extraordinary transactions such as mergers and sale of significant assets are clearly and timely disclosed;
- approves and controls the observance of internal rules for preparation of the annual and interim reports and the procedure for disclosure of information;
- has adopted a Disclosure Policy, which ensures the timely disclosure of any material periodic and incidental information about the Company, its management, its corporate management, its operational activities, its shareholder structure;
- discloses non-financial information on an annual basis in accordance with national law and applicable European law. The non-financial statement is part of the annual report, which includes information on how and to what extent the company's activities can be classified as environmentally sustainable, such as: what part of its turnover is due to products and services

related to economic activities which qualify as environmentally sustainable; what part of its capital expenditure, where applicable, and what part of its operating costs are related to assets or processes related to economic activities that qualify as environmentally sustainable.

As part of the disclosure system, “Sopharma” AD maintains a website of the Company with approved content, scope and periodicity of the disclosed information. The Company's website is: www.sopharmagroup.com

The information disclosed through the Company's website includes:

- basic commercial and corporate information identifying the Company;
- up-to-date information on the shareholder structure;
- The Articles of Association of the Company and the adopted policies related to the activities and functioning of the Company;
- information on the structure and composition of the management and control bodies of the Company, as well as basic information on their members, including information on their committees;
- financial statements for the last 10 years;
- the materials for the forthcoming general meetings of the shareholders of the Company, as well as additional ones, received by law;
- information on the decisions taken by the general meetings of shareholders for at least the last three years, incl. information on the dividends distributed by the Company for this period;
- information for auditors;
- information about upcoming events;
- information on issued shares and other financial instruments;
- important information related to the activities of the Company;
- information on the rights of shareholders, incl. sufficient information on the right of shareholders to request the inclusion of issues and to propose decisions on issues already included in the agenda of the General Meeting under Art. 223a of the Commerce Act;
- contact information with the Investor Relations Director of the Company.

The company also maintains foreign language versions of the corporate website with similar content in the following languages: English, Russian and Polish.

The company periodically discloses information about corporate governance. Disclosure of corporate governance information is in accordance with the "comply or explain" principle.

The management ensures the disclosure of any material periodic and incidental information about the Company, through channels that provide equal and timely access to relevant information by users.

In 2022 the Management of “Sopharma” AD discloses the publicly regulated information by providing it to the Financial Supervision Commission and to the public. Regulated information is disclosed to the public in a way that ensures it reaches the widest possible range of people at the same time, and in a way that does not discriminate against them. This is done through the X3NEWS information system, the Investor.bg information system, as well as on the Warsaw Stock Exchange, including through the Polish Information Agency (PAP).

5. STAKEHOLDERS. SUSTAINABLE DEVELOPMENT

Sustainable development is the achievement of a balance between social and environmental principles, such as socially justified and environmentally friendly economic development. It aims to meet the needs of the current generation without compromising the ability of future generations to meet their own needs.

The Corporate Management is committed to establishing specific actions and policies regarding the sustainable development of the company, including the disclosure of information related to climate and social aspects of their activities.

The corporate Management ensures effective interaction with stakeholders. This category includes certain groups of persons who are directly affected by the Company and who in turn can influence its activities, incl. suppliers, customers, employees, creditors, public pressure groups and other employees. The company identifies the stakeholders in relation to its activities based on their degree and areas of influence, role and attitude to its sustainable development.

In its Disclosure Policy, management complies with legal requirements and the principles of transparency, accountability and business ethics.

The management of the Company guarantees sufficient information to all interested parties about their legally established rights.

In accordance with this policy, the management of “Sopharma” AD has developed specific rules for taking into account the interests of stakeholders, which rules ensure their involvement in resolving certain issues requiring their position. These rules guarantee the balance between the development of the Company and the economic, social and environmentally friendly development of the environment in which it operates.

Corporate management maintains effective relationships with stakeholders. Periodically, in accordance with the legal norms and the good international practice for disclosure of non-financial information, the Company informs about economic, social and environmental issues concerning the interested parties, such as: fight against corruption; work with employees, suppliers and customers; the social responsibility of the Company; environmental protection and human rights violations.

Management guarantees the right to timely and regular access to relevant, sufficient and reliable information about the Company when stakeholders participate in the corporate governance process.

6. INSTITUTIONAL INVESTORS, FINANCIAL INSTRUMENTS MARKETS AND OTHER INTERMEDIARIES

The corporate management ensures effective interaction of the Company with its shareholders - institutional investors, as well as with the regulated markets of financial instruments and investment intermediaries in these markets.

The management of the Company uses the services of investment intermediaries, whose recommendations or actions are based on market information and principles. The same applies respectively to the operators on the markets where financial instruments issued by the Company are traded.

“Sopharma” AD encourages the involvement of investment intermediaries and institutional investors in defining corporate governance policies and practices.

The company is listed on the Bulgarian and Warsaw Stock Exchanges, as market operators disclose and document the criteria and procedures for recognizing the requirements for listing on the main market.

II. Explanation of which parts of the Corporate Governance Code under item 1, letter "a" or letter "b" of Art. 100 " n " para. 8 are not observed and what are the grounds for this, respectively when the issuer has decided not to refer to any of the rules of the Corporate Governance Code - grounds for this

"Sopharma" AD complies with all parts of the Corporate Governance Code that are applicable to the Company.

III. Description of the main characteristics of the issuer's internal control and risk management systems in connection with the financial reporting process

The internal control system of the financial reporting and accounting of "Sopharma" AD has been developed as a result of studies of good accounting and control practices in Bulgaria and of large pharmaceutical groups, as well as in compliance with national legal requirements, incl. for companies and groups listed on regulated markets. It is in a constant process of monitoring by the management and of further development and improvement.

The internal control system of the financial reporting and accounting of "Sopharma" AD is a set of behavioral and technical principles, rules, means, procedures and control actions, which are specially developed and adapted to the specifics of the Company, its activities and reporting system. It is aimed at:

- ensuring current monitoring and directing the reporting activities towards their goals and expectations of its various users, and achieving their necessary efficiency and effectiveness, incl. when using the borrowed resources; and
- ensuring adequate and timely addressing of identified business risks that have an impact on financial, management and operational reporting.

In particular, it is designed to create leadership comfort that:

- The Company complies with the applicable legal requirements in the field of accounting, reporting and other directly related areas, and especially the requirements of the Accounting Act and International Financial Reporting Standards;
- the Company follows the instructions and guidelines of the top management regarding the reporting and documentation;
- there is the required efficiency and effectiveness of the financial and accounting process, incl. consolidation and documentary justification;
- there is a high degree of security in the protection and maintenance of the company's assets, incl. and prevention of fraud and error; and
- there is the provision of reliable, high-quality and timely financial and operational information for internal and external users.

The main components of the internal control system for financial reporting and accounting include:

- a) adoption and observance of the ethical principles and rules of conduct, which are adopted by the Code of Ethics of the employees of "Sopharma" AD and with regard to financial reporting and accounting and all related processes, procedures and actions of all staff of the company;

b) development and determination of an optimal structure of units involved in the processes related to financial reporting, with clearly defined responsibilities and delegations, powers and obligations, incl. through developed written internal documents;

(c) developing policies for the selection, training and development of staff involved in accounting and financial reporting;

(d) development, implementation and maintenance of control procedures and rules for each stage of the processes related to accounting, financial reporting and accounting, with priority phased introduction of formalized written procedures;

e) development of procedures for identification, monitoring and management of risks related to accounting, financial reporting and accounting, incl. the development of adequate measures and actions for their minimization; and

f) development and maintenance of adequate organization of the information system, incl. controls for access, input, processing and retrieval of data, changes in the system, distribution of responsibilities of its employees, as well as storage and protection of the integrity and authenticity of data in the system.

Control environment

Ethical principles and rules related to the processes of accounting, financial reporting and accounting

The management of the various levels of “Sopharma” AD has introduced and constantly monitors the observance of ethical values such as integrity, independence and objectivity as the foundations of the professional conduct of all persons involved in the processes related to accounting and financial reporting in the company. They are the framework against which the control environment is built, and which have influenced the effectiveness of model design, administration and ongoing monitoring of other components of internal control in the field of accounting and financial reporting. Integrity and ethical behavior are a product of the established general ethical and behavioral standards of the company. They are clearly communicated with all financial and accounting and control staff, and they are constantly validated in practice.

The ethical principles that guide professional conduct that should be followed by all persons directly or indirectly involved in accounting and financial reporting processes are: objectivity; impartiality; independence; conservatism; transparency; methodological justification; consistency and use of independent experts. These principles are applied at all stages of financial reporting when: choosing an accounting policy; accounting closing; the preparation and application of accounting estimates and the preparation of public and management financial statements, other public reports and documents containing financial information.

Management bodies responsible for the individual components of the overall accounting and financial reporting process

Management bodies that have certain responsibilities and powers regarding the process of financial reporting and resp. other related processes include: the Board of Directors, the Audit Committee, the Chief Financial Officer, the Chief Accountant, the Head of the Reporting Department and the Head of the Internal Audit Department. Their functions and responsibilities can be summarized as follows:

- The Board of Directors accepts and confirms: the accounting policy and the changes in it for each reporting period, the developed accounting estimates as of the date of each reporting period, incl. the applied methodology; financial statements and other public documents containing financial information; the functions, organization and responsibilities of all structural units and their heads, engaged in the processes of and related to financial reporting; the development, implementation and ongoing monitoring of the functioning of the individual components of the internal control system, incl. the activity of the Internal Audit Department;
- The Audit Committee independently monitors the implementation of the financial reporting processes, the applied accounting policies and the effectiveness of the internal control system of the company, incl. risk management, as well as the implementation and results of the external and internal audit;
- The CFO is responsible for the overall organization, operation and ongoing control of accounting and financial reporting. He directly manages the whole process, makes all key decisions related to financial statements and other public documents with financial information. It also approves at the first level the accounting policy, the main reporting methodologies and evaluates and accepts the work of used independent experts (appraisers, actuaries, consultants, etc.) involved in the financial reporting process. He monitors on an ongoing basis, together with the Chief Accountant and the Head of the Reporting Department, the effects and risks on the financial statements of the identified business risks for the company;
- The Chief Accountant organizes and manages the accounting activities of the company - controls and methodologically directs the current accounting, manages the preparation of financial and management reports; is responsible for the development and implementation of accounting methodologies and techniques; is responsible for the process of closing the accounts and preparing all accounting estimates, proposes and develops accounting policies and changes in them, monitors ongoing changes in IFRS. It is the direct contact with the used internal and external experts for the purposes of financial reporting;
- The Reporting Department and its head carry out the overall organization, methodological support and implementation of the process related to the preparation of the consolidated financial statements of the company, incl. the current control, instruction, monitoring and analysis of the financial statements for the purposes of consolidation of the companies of the Sopharma Group;
- The Internal Audit Department performs ex-post control over the operations and activities related to the preparation of the company's financial statements and compliance with the established internal controls over the individual routine and non-routine processes.

Policy and practice related to human resources in the financial and accounting departments

The Company has established policies and rules related to the management of human resources involved in the process of financial reporting and other processes related to it. These include imposed and implemented policies and procedures in the selection and appointment of such staff, aimed at education and professional experience, computer literacy and foreign language skills of the candidates.

Personnel management policies also include those related to the continuous additional professional training, updating and expanding the knowledge and skills of the employed specialists. It is obligatory to conduct trainings in case of changes in normative acts, IFRS, tax laws and others, directly related to their work.

The purpose of this policy is to increase their expertise and improve their skills to increase efficiency in the performance of their duties.

Process of the Company for risk assessment related to financial reporting

The Board of Directors, the Audit Committee, the Chief Financial Officer and the Chief Accountant have a key role in the process of continuous identification, monitoring and control of business risks, incl. to establish and control the effects of those of them that have a direct impact on individual processes and objects of accounting, financial reporting and accounting of the company. Together, they provide comprehensive monitoring of the risk management process.

Risk factors related to sound financial reporting include external and internal events, transactions and circumstances that may arise and adversely affect the entity's ability to create, maintain and process accounting and operational data in a manner that ensures reliable financial statements, reports and reports. The following factors are defined in the Company as main:

a) external risks are defined as: change in the business environment and the market environment of the company and its main products; the activity of competitors; change in the legal and regulatory framework; changes in key suppliers or customers; unscrupulous or malicious actions by outsiders; rapid corporate growth and group growth; development of companies in which it holds significant investments in the form of participations and/or loans.

b) the internal risks include: change of the technological base of the company, the manner and intensity of use of its assets and resources; new products and activities; new accounting policies and IFRS; changes in the staff of the departments responsible for and/or financial reporting; changes in information systems; errors in work and/or insufficient knowledge or skills of staff, rapid expansion abroad; application of multiple estimates - in particular the application of fair values and the calculation of the recoverable amount of certain non-current assets, with the participation of external experts.

Risk factors that are recurring and/or related to the application of accounting policies and estimates are currently monitored by the chief accountant, who proposes management solutions and properly reflects their effects in the financial statements. The new risk factors are identified by the CFO and are assessed and developed by him, together with the Chief Accountant and the Head of the Reporting Department. If necessary, the help of independent consultants is used, incl. and the application of new IFRSs. The general monitoring of the process of managing the risks related to financial reporting is carried out by the audit committee of the Company.

Company information system. Accounting Department of the company - organization of the accounting function in the company and the financial reporting process

Information System

Information system of "Sopharma" AD includes infrastructure (physical and hardware components), software, people, procedures and data. In 2013, the company implemented the Microsoft Dynamics AX ERP system. It covers all processes of sales, warehousing, master planning, production and accounting. The system has been adapted and implemented, taking into account the specifics of the company itself, but good practices have been borrowed from the pharmaceutical sector and other industries.

In addition to the main information system, the company also uses the following systems: Hermes - human resources management system, which covers the entire management cycle related to planning, evaluation, remuneration and human capital development in Sopharma AD. The connection between them is that Hermes data is entered into Microsoft Dynamics AX.

The quality of information generated by Microsoft Dynamics AX and other products provides significant opportunities for management to make adequate, reasonable and timely decisions in the management and control of activities for the preparation of various financial and management reports and other public documents with financial information.

The information system relevant to the objectives and process of financial reporting covers methods and documentation that:

- identify and reflect all valid transactions and operations;
- describe transactions and operations in a timely manner in sufficient detail to enable them to be properly classified for financial reporting purposes;
- assess the value of transactions and operations in a way that reflects their appropriate monetary value in the financial statements;
- determine the time period during which the transactions and operations have occurred in order to allow their recording in the appropriate accounting period;
- present the transactions and transactions and related disclosures in the financial statements in accordance with the requirements of the reporting framework.

Information Technology Department is responsible for the good and risk-free functioning of the information system in the company.

Accounting Department - fulfillment of the accounting function and key role in the financial reporting process

The Accounting Department of the Company is directly subordinated to the Executive Director. It is headed by a chief accountant. It consists of: Deputy Chief Accountant, and heads of sectors and operational accountants. Structurally, it consists of the following sectors: fixed assets, materials, cost, sales, foreign exchange operations, lev operations, wages. According to its functional characteristics, it covers and fully implements the accounting function in the company, internal accounting control and preparation of financial statements.

His responsibilities include the correct and consistent application of the developed accounting policies, the development and implementation of an internal chart of accounts; accounting methodologies, current accounting; current accounting analysis and control of reporting data and documentation; summarizing and classifying the reporting data for the purposes of the financial statements; the preparation and/or processing of the input data for the accounting estimates together with the engaged experts, as well as the reporting of established deviations and discrepancies to the Financial Director; and compliance with regulatory requirements in the field of accounting, taxes and other related areas.

The accounting policy of the Company is subject to annual approval at two levels - by the Chief Financial Officer and the Board of Directors. The most important aspects of it, necessary for the correct understanding of the financial statements, must be disclosed.

The choice of the reporting framework is defined on the basis of the requirements of the Accounting Act. The company applies the International Financial Reporting Standards (IFRS) adopted by the European Union. Ongoing control over the proper application of IFRS is performed by the Chief Accountant, the Chief Financial Officer and the Audit Committee. Additional confirmation of the correctness of the application is received from external auditors.

The preparation of the financial statements of the Company for public use is the result of a complete process of accounting closing of the reporting period. This process is formalized through documents and rules adopted by the management.

They are related to the performance of certain actions and procedures, and resp. the preparation of certain documents by persons from the Accounting Department or by other officials and these actions and procedures are aimed at: carrying out inventories; analysis of accounts; sending confirmation letters; determining best estimates such as depreciation, revaluation, impairment and accruals based on reasonable assumptions, consolidation and classification of accounting data; studies and analyzes of certain legal documents (contracts, lawsuits, opinions of legal advisers); studies and evaluation of expert reports (appraisers, actuaries, internal auditors, other internal experts and officials); preparation of reports and financial packages for consolidation; preparation, analysis and discussion of draft financial statements.

The closing process is led directly by the Chief Accountant, with the CFO monitoring and finalizing key issues related to the recognition, classification, valuation, presentation and disclosure of certain items, transactions and events, and the overall presentation of the financial statements.

Control activities

The control actions, which are envisaged in the developed and implemented internal controls by processes, include: reviews of the implementation and the results of the activity; information processing; physical controls and division of duties and responsibilities.

The general controls related to financial reporting can be categorized as procedures related to current and periodic reviews and analyzes of financial indicators and the input data for them, through which the performance and results of the company's activities are presented in the financial statements. These, in turn, include such reviews and analyzes of actual reported performance data against budgetary, forecast, previous periods and industry. Such financial analyzes are performed with the QlikView platform - upgrading the ERP system Axapta 2009. They can usually contain proposals for optimization or revision of certain budgets.

The controls assigned to the company's information systems cover both the controls of the application programs and the general IT controls, which are policies and procedures that help to ensure the continuous proper functioning of the information systems. The typical controls on the application programs that are set are: checking the mathematical accuracy of records, maintaining and reviewing accounts and turnover sheets, automated controls, such as input checks and checks on the sequence of numbering and non-automatic tracking of exception reports. Common IT controls include: program change controls, controls that restrict access to programs or data, controls on the deployment of new releases of bundled software applications, and controls on system software that restrict access or ongoing monitoring of the use of system utilities that could change financial data or records without leaving a trace for follow-up.

The physical controls applied include:

a) measures for the physical security of the assets - secure facilities and premises, as well as special conditions for access to assets and documents;

(b) a special procedure for granting access to computer programs and data files;

c) periodic inventories - procedures for organizing and conducting inventories by physical counting /weighing/ sending appropriate letters for confirmation and comparison with the amounts reflected in the control inventories and accounting documents/registers. Procedures have been introduced for the timely analysis of the results of the inventories, development of solutions for their accounting and resp. approval by the Executive Director.

The developed and implemented procedures for management, organization and implementation of the main routine processes (supplies and sales), as well as for the processes of preparation and acceptance of complex estimates (depreciation, impairment, revaluation, actuarial calculations and long-term provisions) also provide internal controls. They are aimed at: authorization of the individual operation and the issued primary documents; review and verification of the issued documents and the assets involved in the operation; subsequent recalculation and comparison with other documents (contracts, applications, confirmations, price lists, etc.) and persons, as well as the division of duties and responsibilities of the participating officials at each step of the process, to ensure mutual control between them, as and to reduce the possibility of allowing a person to be in a position to both commit and conceal errors or fraud in the normal course of his or her duties.

The company is in the process of constantly expanding the formalized control procedures and activities.

Ongoing monitoring of controls

An important priority goal of the management, in the person of the CFO, is to establish and maintain continuous and effective internal control. Ongoing monitoring of controls by management includes an assessment of whether they are operating as intended and whether they are being modified in an appropriate manner to reflect changes in conditions. Ongoing monitoring of controls may include activities such as management review of whether internal management reports are being prepared in a timely manner and whether key data in them are in line with third-party confirmation and its projections, and internal auditors' assessment of compliance with policies and procedures. on the implementation of routine processes (sales and deliveries) by the staff employed in them, incl. the set internal controls, incl. and in comparison with the contracts with the counterparties, as well as supervision over the observance of the ethical norms or the policy for business practice by the legal department of the Company and the department for relations with the investors.

Ongoing monitoring is carried out to ensure that controls continue to be effective over time.

Internal auditors, as well as other staff performing supervisory, monitoring or control functions, incl. the accounting department and the reporting department also contribute to the ongoing monitoring of internal controls over the company's processes through their assessments of individual controls or groups of controls. They usually provide such information periodically, in the course of their duties and functions, and their assessments of the functioning of certain internal controls, focusing considerable attention on assessing their effectiveness, communicating with relevant persons information on identified strengths and weaknesses of internal controls and make recommendations for their improvement.

Ongoing monitoring activities include the use of external information that identifies problems or identifies areas for improvement. Such countries are customers, suppliers and servicing banks. In addition, the regulatory body, represented by the FSC, may also communicate with the company's management issues that affect the functioning of internal control, for example, exchange of information directly monitored by the Commission related to the implementation of certain actions or transactions of the Company or inspections from the FSC itself. Also, in the implementation of ongoing monitoring activities, the management always takes into account the communication with the external auditors related to the internal control and the identified weaknesses and recommendations.

IV. Information referred to in Art. 10 (1) (c), (d), (e), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on proposals for ingestion

1. Significant direct or indirect shareholdings (including indirect shares through pyramid structures and cross-shareholdings) within the meaning of Art. 85 of Directive 2001/34/EC;

During the year there is no reaching, exceeding or falling below one of the following limits of 10%, 20%, 1/3, 50% and 2/3 of the share capital of the Company.

2. Holders of all securities with special control rights and description of these rights;

There are no securities with special rights. According to the Articles of Association of "Sopharma" AD, all shares issued by the Company are of one class, registered, dematerialized, ordinary and indivisible. Each share gives the right to one vote in the General Meeting of Shareholders, the right to dividend and liquidation share, proportional to the nominal value of the share.

3. Any restrictions on voting rights, such as restrictions on the voting rights of holders of a certain percentage or number of votes, deadlines for the exercise of voting rights or systems through which, in cooperation with the company, the financial rights granted to the securities, are separated from the possession of the securities;

There are no restrictions on voting rights.

4. The rules governing the appointment or replacement of members of the board and the amendment of the Articles of Association;

The Board of Directors proposes to the General Meeting amendments and/or supplements to the Articles of Association, changes in the composition of the Board of Directors, dismissal and election of a new Board of Directors.

Members of the Board of Directors may be natural and legal persons meeting the requirements of Art. 234 of the CA and Art. 116a, paragraph 2 of the Law on public offering of securities.

When a member of the Board of Directors is a legal entity, he/she appoints a representative/s for the performance of his/her duties in the Board. The legal entity shall be jointly and severally liable with the other members of the Council for the obligations arising from the actions of its representative.

The natural persons, who represent the legal entities - members of the Board of Directors, must meet the requirements of art. 234, para 2 of the CA.

Persons who have been members of the management or supervisory body of a Company terminated due to insolvency during the last two years preceding the date of the decision to declare insolvency may not be members of the Board of Directors if unsatisfied creditors remain.

A person who has been a manager, a member of a management or control body of a Company for which a non-fulfillment of obligations to establish and maintain the levels of stocks determined by him by an effective penal decree has been established by an effective penal decree may not be a member of the Council. stocks of oil and petroleum products.

At least one third of the members of the Board of Directors must be independent. The independent member of the council may not be:

- employee in the public company;
- a shareholder who holds directly or through related parties at least 25 per cent of the votes at the general meeting or is a person related to the company;
- a person who is in a lasting commercial relationship with the public company;
- member of a management or control body, procurator or employee of a company or other legal entity;
- a person related to another member of the management or control body of the public company.

The members of the Board of Directors may be re-elected without restriction.

In case of changes in the legislation, at the next General Meeting of Shareholders a decision is made to amend the Articles of Association in order to bring its provisions in line with those of the applicable regulations. Until this decision is made, the affected texts of the Statute shall be interpreted in accordance with the Constitution and the laws of the country.

The Articles of Association are amended and supplemented by a decision of the General Meeting of Shareholders by a majority of 2/3 /two thirds/ of the capital presented to the General Meeting. The current Articles of Association are entered in the Commercial Register under number №20210412150242.

5. The powers of the members of the board, and in particular the right to issue or repurchase shares.

The powers of the Board of Directors are regulated in the Articles of Association of the Company. The approval for the issuance of bonds is a decision that the Board of Directors may take by a qualified majority of 2/3 of its members.

The Board of Directors is authorized to repurchase shares under certain conditions, according to Chapter Three, Art. 11a of the Articles of Association of the company, as well as in connection with the decisions taken by the GMS, held on 23.06.2010, of EGMS of 30.11.2011, of EGMS of 01.11.2012, of EGMS of 28.02.2013 and to EGMS from 23.02.2018.

V. Composition and functioning of the administrative, management and supervisory bodies and their committees

1. Composition of the members of the Board of Directors:

The company is managed and represented by a Board of Directors, which consists of five individuals meeting the requirements of Art. 234 of the CA and Art. 116a, paragraph 2 of the Law on public offering of securities. The composition of the Board of Directors may be changed by the General Meeting at any time.

The composition of the Board of Directors is described in item I. General information about “Sopharma” AD in the Activity Report.

According to Art. 116a, paragraph 2 of the Law on public offering of securities, at least one third of the members of the Board of Directors must be independent persons. In this case it is:

- Alexandar Viktorov Tchaoushev

The members of the Board of Directors are acquainted with the rights and obligations related to their position.

2. Procedure for work of the Board of Directors

“Sopharma” AD has developed Rules for the work of the Board of Directors, which comply with and are a continuation of the principles set out in the Good Corporate Governance Program. The Articles of Association of the Company are in accordance with the requirements of the Law on public offering of securities and the shareholders have the right to timely notification on various issues.

The Board of Directors meets at least once a month.

3. Minutes of meetings

Minutes of the decisions of the Board of Directors shall be kept and signed by all members present at the meeting.

The minutes shall be kept by the Investor Relations Director of the company in a special register according to the provision of art. 116d, para. 3, item 3 of the LPOS.

The protocols are a trade secret. Facts and circumstances thereof may be published, disclosed or brought to the attention of third parties only by decision of the Board of Directors or when required by law.

4. Responsibility

The members of the Board of Directors must provide a monetary guarantee for their management in the amount determined by the General Meeting, but not less than their 3-month gross remuneration.

The members of the Board of Directors are jointly and severally liable for the damages they have caused to the Company.

Each member of the Board of Directors may be released from liability if it is established that there is no fault for the damages. The General Meeting may release from liability a member of the Board of Directors of the Regular Annual General Meeting in the presence of certified by a registered auditor Annual Financial Statements for the previous year and interim financial statements for the period from the beginning of the current year to the General Meeting.

The Board of Directors reports to the General Meeting of Shareholders.

5. Role of the Board of Directors for the application of the principles of good corporate governance

The Board of Directors makes decisions on all issues related to the activities of the Company, except for those which, according to the current legislation and the Articles of Association, are within the exclusive competence of the General Meeting.

Assigns the implementation of its decisions and the implementation of functions for the operational management of the Company to one of its members /executive director/. The Executive Director may be replaced at any time.

The members of the Board of Directors submit a declaration to the Financial Supervision Commission /FSC/, to “BSE-Sofia” AD and to the Company itself under Art. 114b of LPOS and under Art. 247, item 4 of the Commercial Law. The change in these circumstances shall be declared in the respective terms after its occurrence.

In carrying out its activities, the Board of Directors complies with the accepted principles of corporate governance of the Company.

The Board of Directors makes the best efforts to ensure easy and timely access to public information in order to exercise the rights of shareholders in an informed manner, respectively to make an informed investment decision by investors.

6. Due care. Avoiding conflicts of interest.

The members of the Board of Directors are obliged:

- to perform their functions with the care of a good trader, to be loyal to the Company and to act in the best interest of its shareholders;
- to perform their duties with the skills, diligence and responsibility inherent in the professional and in a way that they reasonably believe is in the interest of all shareholders of the Company, using only information that they reasonably believe to be reliable, complete and timely;
- to prefer the interest of the Company and the investors in the Company to their own interest and not to use for the benefit of themselves or others at the expense of the Company and the shareholders facts and circumstances that they learned in the performance of their official and professional duties;
- to avoid direct or indirect conflicts between their interest and the interest of the Company, and if such conflicts arise - to disclose them in a timely and complete manner and not to participate and not to influence other members of the board in making decisions in these cases;
- not to disseminate information about the discussions and decisions of the meetings of the Board of Directors, as well as other non-public information about the Company, including after they cease to be members of the Board of Directors, until the public announcement of the relevant circumstances by the Company;
- to provide and disclose information to shareholders and investors in accordance with the requirements of the regulations and internal acts of the Company.

The Board of Directors is assisted by an Audit Committee, which according to the Independent Financial Audit Act and International Standards on Auditing performs the following functions:

- monitors the financial reporting processes in the enterprise;
- monitors the effectiveness of the company's internal control systems;
- monitors the effectiveness of risk management systems in the enterprise;
- oversees the independent financial audit of the enterprise;
- reviews the independence of the registered auditor of the company in accordance with the requirements of the law and the Code of Ethics for Professional Accountants, including monitors the provision of additional services by the registered auditor of the audited company.

At the Extraordinary General Meeting of Shareholders of "Sopharma" AD, held on November 20, 2008, an Audit Committee was elected consisting of three people: Tsvetanka Zlateva, Vasil Piralkov and Vasil Naidenov with a 3-year term, who was re-elected 3 consecutive times. With a decision of the GMS from 02.06.2017 Vasil Piralkov was replaced by Kristina Atanasova.

VI. Description of the diversity policy applied to the issuer's administrative, management and supervisory bodies in relation to aspects such as age, gender or education and professional experience, the objectives of this diversity policy, the manner of its implementation and the results during the reporting period

“Sopharma” AD makes every effort to ensure equal opportunities in appointment and to comply with the form and substance of the full range of laws relating to fair practices in the work environment and prevention of discrimination.

Discrimination, whether based on race, sex, sex or gender, skin color, beliefs, religion, national origin, nationality, nationality, age, disability, genetic information, marital status (including unmarried and civil unions, defined and recognized by applicable law), sexual orientation, culture, pedigree, veteran status, socio-economic status or other legally protected personal characteristics are unacceptable and completely incompatible with the Society's tradition of providing honest, professional and a decent job. Repressive measures against people who complain of discrimination or harassment are also prohibited.

The main goals of the Company in the implementation of diversity policies are:

- Attracting, hiring and retaining people with a wide range of professional skills. The diverse abilities of managers and employees open new opportunities for innovative and creative solutions, increase creativity and innovation. This, in turn, would lead to a more effective adaptation to the impact of globalization and technological change.

A more diverse workforce can increase a company's efficiency in achieving its goals. It can lift the spirits of employees, give access to new market segments and increase productivity.

- Promoting a working atmosphere that embraces ethnocultural diversity and in which differences between people are valued and respected.
- Solving one of the most important problems for the employer - that of labor shortages, as well as problems related to hiring and retaining highly qualified workers.
- Improving the company's reputation and overall performance to external stakeholders and society.
- Creating opportunities for disadvantaged groups and building the unity of society.

“Sopharma” AD strives to achieve the set goals by approving and applying in practice the types of diversity important for the company. Adopting good practices from other companies and institutions, the company's management wants to make diversity management a functioning part of the company. “Sopharma” AD strives to inform employees, consumers, customers and investors about the importance of diversity for them and their work, aiming to build their trust and desire for support.

The policy of diversity provides diversity of the members of the governing bodies, which guarantees a reliable system of management and control, and good corporate governance is a key element of the secure and stable operation of “Sopharma” AD. They meet the high standards applied by the Company in order to achieve its goals and strategies.

The composition of the Board of Directors and the number of persons included in it is consistent with the size, complexity and scope of the Company's activities and ensures a sufficient level of general expertise.

The members of the Board of Directors of “Sopharma” AD have extensive professional experience, both theoretical, acquired through education, training and qualifications, and practical, acquired during previous positions. They are persons with good reputation and managerial abilities, with high professional and moral qualities.

The Board of Directors of the Company includes economists, financiers and individuals with higher education in the field of international relations and other areas of business.

The principle of gender equality has been observed, as evidenced by the many women holding senior management positions in the Society, such as Ms. Vessela Stoeva and Ms. Bisera Lazarova, members of the Board of Directors, Ms. Tsvetanka Zlateva and Ms. Kristina Atanasova, members of the Audit Committee, are just examples.

The policy of diversity with regard to governing bodies does not allow for age restrictions.

The Society has representatives from various minority ethnic groups. The Company also employs disadvantaged people. The aim is to provide young people with opportunities for professional and personal development.

The male-female ratio is 37% to 63% in favor of women and is imposed by the nature of the production process.

The diversity policy with regard to staff (directors of directorates, heads of structural units, employees) does not allow for age restrictions.

There are no cases of discrimination in the Company on any grounds.

In Section V of the Rules of Procedure of “Sopharma” AD regulates the rights and protection of employees with regard to any discriminatory actions by the employer.

On the grounds of Ordinance for employment /SG, issue 7/1987, amended and ext. No. 111 of 28.12.2001, amended, SG No. 78 of 30.09.2005, entered into force on 01.10.2005/, Ordinance № 8 on determining the jobs suitable for employment of persons with reduced working capacity /SG, issue 52/1987, SG, issue 47/1990/ and Ordinance for amendment and supplement of Ordinance № 8 for determination of the jobs, suitable for employment of persons with reduced working capacity /SG, issue 44/1993/ and according to art. 27 of the Law on Integration of People with Permanent Disabilities, every year an Employment Commission is established in “Sopharma” AD. The Commission shall prepare a list of suitable places and positions for employment of persons with reduced working capacity and with permanent disabilities in accordance with the percentage determined for the branch by the order of art. 315 of the Labor Code and of pregnant and lactating workers. The Commission shall examine the specific employment cases and identify suitable places according to the approved list.

28 March 2023
Sofia

Ognian Donev, PhD
Executive Director