



Corporate Responsibility COP Report - 2011



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Corporate Responsibility



Life Is Beautiful When We Are Healthy...

Words from the Executive Director...

In the time that I have had the honor of managing Sopharma AD, the company has proved it's economic, intellectual and social potential again and again. In the first years of this century we focused our attention on the reconstruction of production facilities, implementation of Good Manufacturing Practices and regaining & maintaining the company's position in its traditional markets thus transforming Sopharma AD into one of the strongest and most innovative companies in the region.

Sopharma intends to continue it's history of giving back to the community and the many invitations directed to me from the representatives of the professional organizations, of academics and regulators to become the Chairman of the National Committee of Corporate Governance is of particular importance for the company. It is one of many evidences that Sopharma has been considered a good example of corporate governance and social responsibility.

Sopharma will be a leader in corporate responsibility not only for Bulgaria, but the region, and I do believe that we will continue to justify your trust in the future!



Ognian Donev, PhD
*Chairman of the Board,
Executive Director
Sopharma AD*

Corporate Philosophy:

The production of medicinal products is not only a technological process, but a humane mission based on high standards of quality, safety and efficiency of medication.



HUMAN RIGHTS

Respect and support for the preservation of human rights...

Breath Beautifully...

Sopharma supported initiatives related with giving up smoking for a consecutive year as an expression of the corporate philosophy that "life is beautiful when we are healthy". These initiatives are part of the campaign "The culture of breathing" made by "Greenwild" Foundation, which started at the end of 2008 and spanned over the entire 2009. The purpose of the campaign was through interactive programs, art installations, demonstrations and debates to present various points of view for and against smoking.

Spring Does Not Smoke

A spring happening was conducted in March 2009 in the city centre under the heading "Flowers for Cigarettes". Passers-by were offered a chance to exchange their cigarettes for a fresh spring flower. In the spirit of Spring, smokers were provoked to give up the unhealthy habit with decorated baskets full of spring flowers and demonstratively tear apart their own package of cigarettes. Everyone who supported the idea for life without cigarette smoke received, in exchange, a spring flower and a sticker with the motto "I breath beautifully!" which was stuck on their clothing. The purpose of the event was to draw the attention of the people towards the CHOICE to breathe air, not cigarette smoke.

Open Doors Day to Smokers

On the occasion of the 'World No Tobacco Day' the Specialized Hospital for Active Treatment of Pulmonary Diseases "St. Sofia" and the Society for Pulmonary Diseases, with the support of Sopharma, organized an "Open Doors Day for Consultations to Smokers". People interested, 25 to 71 years of age, took a free examination of their respiratory function and received medical advice for smokers delivered by Dr. Sofia Angelova. The purpose of this initiative was to motivate smokers to stop smoking, get professional medical advice and free medical examinations.

Sopharma traditionally organizes and supports such initiatives as "Open Doors Day for Citizens". It is part of the social policy of the company to provide affordable and quality health care for the people.

Corporate Social Responsibility **The First Meeting for NGO's and Business**

Sopharma supported the first forum in Bulgaria "Corporate Social Responsibility – First Meeting Between NGO's and Business". The forum was organized by the Confederation of Employers and Industrialists in Bulgaria, "Capital" newspaper, "Lale" Foundation and Global Compact Network Bulgaria.

The role of corporate social responsibility was discussed for the development of the contemporary business; it's incorporation in business decisions and the activities of leading companies, as well as reflection on the financial crisis over the CSR.

In her presentation before the forum, Pelagia Viacheva, director of Investor Relations, expressed the position of the company that social responsibility is an expression of the priority to work for a better quality of life of the entire society as well as a conviction that corporate social responsibility must honor the complexity and long-term character of the projects, which is especially valid for Sopharma.



HUMAN RIGHTS

Respect and support for the preservation of human rights...

Public Discussion On Smoking

For the “benefit” and the harm from smoking, on 28th May 2009 in “Boris’ Garden”, the “Greenwild” Foundation and Sopharma turned the field into a creative space. The measure for the restriction of smoking in public places has been discussed within the frame of the initiative “The culture of breathing” in an open summer workshop. A psychologist spoke about addictions and the opportunity to release ourselves from them, while those who desire to breathe “beautifully” had the opportunity to try yoga breathing exercises.

Safe Love On Lovers Day

“Open Doors Day” to Consult Lovers on St. Valentine’s Day was organized by Sopharma in February 2009. Free and anonymous medical examinations were carried out at the Dermatology and Venereology Clinic, part of University Hospital “Alexandrovska”. Leading specialists in dermatology and venereology consulted those who wanted to be tested for HIV and other sexually transmitted diseases (chlamydia, gonorrhea, syphilis, fungal infections and others).

The event was conducted under the patronage of Prof. Dr. Lyubomir Stranski,

Doctor of Medicine, Head of the Dermatology and Venereology Clinic, part of University Hospital “Alexandrovska”. In his own words, sexually transmitted diseases are socially significant and both poor and rich suffer from them and Sopharma’s initiative for free medical examinations had a great social significance.

Sopharma traditionally organizes and supports such initiatives as “Open Doors Day for Citizens”. It is part of the social policy of the company to provide affordable and quality health care for the people.

Show Your Loved Ones You Care

St. Valentine’s Day, February 14th, was celebrated in an untraditional way as a day of beloved ex-smokers. Every visitor of the website exsmoker.bg, from 1st to 14th of February could have left their own love message to a beloved person and to give an address where their friend can receive a stylish piece of jewelry and special Valentine’s card as a gift from exsmoker.bg. The dearest messages of thankfulness were published anonymously on the very day of the holiday for support and gratitude from ex-smokers.

Smoking Affects Us All

Smoking is a topical problem for Bulgaria - frequent cardiovascular, respiratory and other diseases are caused by smoking. Timely treatment of nicotine addiction and limiting the harmful effects of smoking underlie social campaigns that take Sopharma for better quality and a healthy attitude in life.

By constantly discussing the problem and increased its discussion is essential to reach a wide range of smokers so that they themselves recognize the need for quitting smoking and conducting monthly meetings, discussions, performances and happenings in an original way provoked smokers and young people.





LABOR ISSUES

A Strong & Healthy Worker is a Strong & Healthy Company

Healthcare

Sopharma provides additional health insurance for its employees as an expression of its social responsibility policy. The voluntarily health insurance, paid by the company, covers ordinary as well as specific health needs. The necessary quality, volume and term of medical services performed by highly qualified doctors, experts, associate professors, professors from the medical institutions of national and regional levels is guaranteed. Preventive medical examinations are held annually for maximum facilitation of the company employees, as specialized consulting rooms have been equipped on the grounds of the plant. The purpose of regular prophylaxis is to achieve timely detection and diagnosis of health problems and maintaining the health of the employees.

Educational Projects

In 2009 a project, co-financed by the European Social Fund through the Operative Program of Human Resources, comprised of 156 employees for a specialized course in "Pharmacy for non-pharmacists", English language and computer skills. 94% of the participating employees completed the education successfully and held examinations to obtain a certificate.

The participants in the research reported very high satisfaction from the level of teaching in a survey, as 92% consider themselves making progress, and 75% would like to continue. Sopharma is one of the first Bulgarian companies to win financing through this EU educational operative program. The participation in a project of such a scale reflects the ambition of the company to develop its own employees and to foster the advancement of their qualifications.

Company Creed

Sopharma is a leader in the Bulgarian healthcare and pharmaceutical industry and as a leader it takes this responsibility very seriously and acts to lead by example. The company has non-discriminatory hiring policy that aims to assist the Turkish and Roma minority population in Bulgaria. In addition Sopharma partners, associates and companies that Sopharma conducts business with are also held to high ethical standard with regards to labor conditions and relations.



Employee Perks

Sopharma recognizes that it's employees work hard and not all have the opportunity or ability to enjoy all the beauty Bulgaria has to offer. Thus, Sopharma has various recreational and vacation centers across Bulgaria, on the seaside and the mountains, for employees to use at a significant discount and affordable price. Employee perks are just one of the many great things about working at Sopharma.

Providing the Necessities

Employees at Sopharma are given uniforms and other work related attire to provide them with a safe work environment in addition to assisting them with everyday costs. The employee cafeteria also offers freshly cooked meals to employees at cost. The cafeteria is not a profit making venture and gives employees a healthy and affordable option.



COMMUNITY

A healthy community today is a strong community tomorrow...



Fostering Imagination

Sopharma restored a playground in Sofia's Central Park and has pledged its continued support. The child play facilities were built according to European Union standards, with secure rubber pavement with swings, slides and climbing equipment. There are three zones for playing for various age groups. The park is a symbol of continued progress and hope in the future for the

Snowboard Fun

Every winter Sopharma constructs a snowboard playground on the slope of Ariana Lake in Central Park. It is supported and sponsored by Representatives of the European and Bulgarian Snowboard Associations. The idea of creating a park where all children can become involved in winter sports, get outside and grow up healthy and disciplined. The park was built on an area of 4000 sq.m with a capacity of 300 players and 1000 public or amateur participants.



Children with Love

The children of the rehabilitation primary school "Hristo Botev" in Vrabevo held a double celebration. The official opening of the new school year and the new sports complex. Kids can now play football, basketball and handball in modern conditions and with proper safety equipment as a personal gift from the Executive Director of SOPHARMA, Ognian Donev, his colleagues and friends. This personal gift is a natural expression of a philosophy of life which is reflected in the choice of working time, production of medicines.



Cancer Awareness

Sopharma supports and is committed to the initiatives of the Association of Patients with Cancer. In a community event in Central Park planted flowers as a sign of commitment to patients with cancer and the hope of life. Sopharma supports traditional APOZ initiatives to combat cancer.





ENVIRONMENT

Business and The Environment Go Hand In Hand...

It's a company policy...

Sopharma follows a policy of environmentally sound economic development & continues to uphold its commitments to bring production in accordance with international legislation on environmental protection. The company has taken steps to:

- Reducing the adverse environmental impact at every stage of production activity, in particular the limitation of emissions of volatile organic compounds by introducing water filming.
- Implementation of separate collection of waste minimization, recycling and recovery of industrial and household waste.
- Provide appropriate training for staff on issues related to environmental protection and pollution prevention.
- Responsibly fulfill the mandatory requirements of Decree 137 of Ministers and the Ordinance on packaging and packaging waste.

The company is a member and shareholder of EcoBulpack - National Organization of Packaging Recovery by fulfilling its obligations in compliance with Decree № 137 of the ICJ and the Ordinance on packaging and packaging waste (RPPW).

Sopharma & 3R

For another consecutive year, Sopharma chose to be part of the environmental movement for ecologically responsible behavior. Recycled paper, eco book, calendars and organizers were made for friends and partners. Pictures of incredible landscapes from Bulgaria were taken by the company's employees and friends, and looked even nicer on reused materials. In line with the principle to be a socially responsible company, we joined the idea REDUCE-REUSE-RECYCLE. The company completely replaced its nylon bags by recycled paper and fabric advertising bags produced from

the waste products of green technology. For most of our products we chose advertising materials produced from recycled materials. The containers of the company's medical products, whose advertising campaigns started with ecological materials, are some of Sopharma's trademarks – the phyto products Carsil®, Tabex®, Tribestan®, Phytin®.



World Federation of the Chambers of Commerce (WFCC)

The chairman of the Bulgarian National Committee of the International Chamber of Commerce (ICC – Bulgaria), Mr. Ognian Donev, the members of the governance of ICC – Bulgaria and the executive director of CEIB, Mr. Evgenii Ivanov, participated in the 6th Congress of the World Federation of the Chambers of Commerce (WFCC) in June 2009 in the capital of Malaysia, Kuala Lumpur.

WFCC is a part of the International Chamber of Commerce, which are the most prestigious organizations in the area of international trade and international economic relations. The theme of the congress was "Leadership For Sustainable Growth and Change" focused the attention of business leaders from all over the world to one of the greatest challenges at the present moment – climate change. More than one thousand delegates from approximately 90 countries attended the congress.



ENVIRONMENT

Business and The Environment Go Hand In Hand...

Investing in Change, Investing in the Environment...

Sopharma has made top priority investments in programs to help the company achieve the technological requirements of clean production and good manufacturing practices.

Sopharma has initiated a program to eliminate the damage of contaminated soil and to bring production in line with new, modern regulations on the environment. Sopharma has spent over 1.5 million Lev provided by the World Bank, MOF and MEW.

Implementation of the clean soil program and old pollution damage have been successfully achieved and the objectives of this program were:

- Remove old soil and permanently closing 2 chemical waste dumps through encapsulation and concreting.
- Remove old soil through encapsulation and demolition of old buildings, and production of antipyretics.

In value terms the amount Sopharma has invested as equity in the program to bring production in line amounts to 2.9 million Lev. It is the policy of Sopharma, as an enterprise, not to classify projects in terms of categories with low or high risk potential but rather what will be best for the long term benefit of the environment and community.





ENVIRONMENT

CASE STUDY: Bulgarian Rose Sevtopolis AD

Sopharma has changed owners several times after its privatization in 1997. In 2004 it became part of Sopharma Group. A number of capital improvements were made to make the company more efficient and **ecologically responsible**. A new and modern facility for secondary packaging and a new warehouse for raw materials were constructed. New, cleaner and more **efficient energy source** for the steam production and a new water cleaning system to help reuse water in the production cycle.



A new **GMP** certified facility for extracting the active ingredients from medicinal plants with 100 tons annual production capacity was given a major facelift.



Sopharma purchased more than 4,000 acres of agricultural land in the region of Kazanlak to be planted with medicinal plants for the production needs. The production process will now be supplied regularly with hard to obtain raw materials at reasonable prices. Also, by undertaking this step Sopharma and Bulgarian Rose – Sevtopolis will provide work for more than 50 agricultural workers and make ecological use of a large area of deserted land.



ECONOMIC RESPONSIBILITY

Responsibility & Transparency...Doing Business With Integrity



AWARD WINNING MANAGEMENT



★ **The Bulgarian Investors Association** conducted for the seventh consecutive year the contest “Company With The Best Corporate Governance”. Mr. Ognian Donev, Doctor of Economics and Executive Director of Sopharma received the award for all-round contribution to the development of the capital market in

★ The Sopharma Investor Relations Manager, Ms. Pelagia Viacheva, received the award for “Best Communications With Investors and Stakeholders” at the first **Bulgarian Annual IR Awards**.



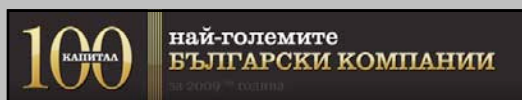
★ The newspaper “**Pari**” granted its award entitled: “**A Successful Team**”. The initiative was undertaken during a year of crisis to demonstrate the conviction that “the people solve everything”. The nominees were companies with good practices for handling the crisis with corporate social responsibility and with investments for increasing the qualifications of the personnel and innovative thinking. The first place award went to the advertising & corporate communications team of Sopharma amongst 15 other nominated participants including Prista Oil, Petrovilla & Kraft Foods.

★ **Dnevnik.bg** ranked Sopharma #1 out of the top 100 companies on the Bulgarian Stock Exchange (BSE) for the year 2009 and ranked #2 for Corporate Governance. The companies were divided by size of their market capitalization and then sorted based on weight criteria - revenue, revenue growth, liquidity, profit margins and market capitalization.

ДНЕВНИК



★ Sopharma has been ranked as the largest pharmaceutical producer in Bulgaria, according to the annual rating “The largest 100 Bulgarian companies” of “**Capital**” newspaper. The ranking was based on the financial performance of the companies in 2008. For the same period Sopharma marked a growth in sales which continued in the first quarter of 2009, reaching 7.6%.





ECONOMIC RESPONSIBILITY

Responsibility & Transparency...Doing Business With Integrity

ANNUAL MEETING WITH THE EXECUTIVE AUTHORITY

Following an initiative of “**Capital**” newspaper, the Confederation of Employers and Industrialists in Bulgaria, the Prime Minister, Boyko Borisov, summoned companies to comply with the rules of the state and keep as many employees as possible, regardless of the pending crisis. In his opinion, business will survive because of its flexibility, regardless the performed policy and the country itself. This statement was in response to questions posed by Ognian Donev about what the new government will do to support the investors in the country. **“I am adherent to the thought of Kennedy, that it is important not only what the country makes for the business, but what the business makes for the country”** said Donev.



NEW PARTICIPATION



Mr. Ognian Donev, Executive Director of Sopharma, has been elected as Chairman of the **National Commission on Corporate Governance (NCCG)**, which will function as an independent body under the egis of the Bulgarian Stock Exchange (BSE) and the Financial Supervision Commission (FSC). The Commission's objective is to encourage the reinforcement of best practices in the field of corporate governance among Bulgarian companies and to support companies in attracting capital.



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**Животът е хубав,
когато сме здрави!**

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