

IN THE RHYTHM OF HEALTHY LIFE



**Hemofarm's
Sustainability
Report 2023**

Hemofarm A.D. Sustainability Report has been prepared for the twelfth year in a row in accordance with the Global Reporting Initiative (GRI) guidelines. This year, the Report has been prepared in accordance with the GRI guidelines, in 'Core' version, with the presentation of XY indicators.

Independent auditing company Ernst & Young d.o.o. Beograd has verified the compliance of the Report for 2023 with the indicated guidelines, as well as the accuracy of the provided information.

Hemofarm A.D. Sustainability Report is published annually and the previous one was published for the year 2022.

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CEO's FOREWORD

Dear reader,

Here we are again, linking up for the twelfth time. There is a lot of symbolism in this number – a year has 12 months, a clock has 12 hours, and you can find the symbolism of this number in every culture and every civilization. To us, this number represents 12 important beacons on our sustainability journey, and if we have inspired you, at least once, by any of our examples, ideas or business results to be more sustainable yourself, then this journey of ours is worthwhile indeed.

The year behind us was a year of jubilees. We marked important dates of our caring for people's health and endeavouring to make society and environment a better place. In 2023, we marked the 20th anniversary of our factory in Banjaluka. Our product Probiotic, without which a travel or home pharmacy is unimaginable, turned the same number of years, and we also marked 30 years of our CSR contributions to the community through the operations of Hemofarm Foundation.

Talking about the magic of numbers, let me take a numerical look back at our sustainable successes in the previous year. Our team was enlarged by 8.4%, we raised our production by 10.4% on average, and the share of ladies at management positions was increased by 1%. The average time that each employee spent undergoing trainings also increased, and a triple growth of investments in education was recorded. That's why it doesn't come as a surprise that we were once again recognised as the Top Employer. At the same time, we reduced the rate of injuries at work, improving an already outstandingly safe working environment, and we treated all additional resources, apart from human resources that we cherish as the most valuable ones, responsibly and as a true host.

The year behind us was also marked by a launch of a special project – STADA EXPO, a mobile multimedia platform accommodated in 4 recycled shipping containers through which we wanted to show to the world what responsible production in a sustainable pharmaceutical company looks like. Apart from sharing the prevention and better health tips, we also endeavoured not only to show the fortune of diversity that adorns us, but also to motivate each individual to join us in caring for people's health and sustainable future. In a nutshell, we offered an entirely innovative and unique ESG experience! I'm looking forward to seeing you at STADA EXPO in Vršac, Belgrade, or some of the destinations across the world where we will show this exhibition (the Czech Republic, UK and Germany after Romania and Montenegro).

Last but not least, actually the most important in 2023 – we offered to the consumers of our products an even better portfolio and some completely new pharmaceutical solutions, that both my team and I personally are very proud of. However, not to reveal everything right away, I invite you to leaf through or browse this Report and learn a lot of new things about prevention, therapy, and sustainability!

KEEP GOING!

All the best,
Dr Ronald Seeliger,
CEO Hemofarm





STADA CEO's FOREWORD

THIS REPORT IS A TESTAMENT TO THE INTEGRATION OF SUSTAINABILITY INTO OUR BUSINESS DNA, DRIVEN BY OUR PURPOSE OF "CARING FOR PEOPLE'S HEALTH AS A TRUSTED PARTNER." AS THE WORLD UNDERGOES CHANGE, WITH SHIFTS IN THE ENVIRONMENT, SOCIETY, MEDICAL NEEDS, AND PATIENTS' DEMANDS, WE RECOGNIZE THE NEED TO ADAPT PROACTIVELY TO THE CHALLENGES OF MODERN TIMES. OUR AIM IS TO BUILD A RESILIENT COMPANY THAT ACKNOWLEDGES OUR GREATER RESPONSIBILITY IN SAFEGUARDING PEOPLE'S HEALTH.

Peter Goldschmidt
CEO, STADA

When you want something bad
enough and when you're really trying hard -
MIRACLES ARE POSSIBLE

One such miracle, or rather a progeny of ours, is STADA EXPO – an entire small universe fitted into four recycled shipping containers, showing not only the history, the present time and the future of pharmaceutical industry and sustainable development, but also some of the crucial aspects of contemporary sustainable life.

As Hemofarm is both a market leader and a sustainable development leader, we were thinking what would be the next thing that we could offer to the communities that we live and work in, that has a high degree of involvement and that makes sustainable development even closer as a concept and a model of behaviour. We have come to the notion that the link that we miss is actually the opportunity for a new experience. The opportunity for our fellow citizens, business partners, employees and their families to experience sustainable development in action. The words of Benjamin Franklin: 'Tell me and I forget. Teach me and I remember. Involve me and I learn.', acknowledge that precisely the synergy of experience and involvement is a winning combination for sustainable future.

Getting from the idea to implementation thereof took us twelve months, and the project development itself lasted as long as bringing a child into the world – symbolic nine months. We saved 12.1 tons of materials, which is the exact weight of the containers that would have been turned into waste, if they hadn't been given a second life through the EXPO. We built into them 7.5 kilometres of cables and 4.5 tons of multimedia equipment, of which only the screens are as big as a smaller apartment - 40 square meters. An interactive wall that illustrates how a pharmaceutical product is created and a human body hologram that educates about prevention and therapy are just some of the most attractive activations of our exhibition. A virtual journey through Hemofarm factory and manufacturing complexes was rated as the most interesting by visitors.

Fifty stories of our colleagues about how they contribute to caring for people's health on a daily basis are particularly valuable to us. Their simultaneously aired testimonials in the native languages are offered within EXPO, which reveals the beauty of diversity celebrating all the nations that we gather in our team.

During 2023, EXPO departed from Vršac to guest-star in 6 additional European towns over the course of a four-month tour gathering 11 thousand visitors. We collected over 500 CVs of the people interested in joining our team, and the media shared the STADA EXPO story as many as 300 times. The EXPO was also an opportunity for us to hear and embrace the opinions of young people, those who belong to generation 'Z', because when they say NO, then it really is NO. It was generation 'Z' that gave our EXPO a big YES, and that's why we invited them to be our curators and lead the visitors through this unique exhibition.

This inspired us to involve a special council of young people in our daily business practice, in which the voice of new generations will be heard, as a kind of filter of reality and resilience of our ideas. That's how the 'Involve YOUTH' initiative, powered by the Youth Committee, as we proudly call that great group of young people, was born in Hemofarm. But, let's leave that story for the next report.

To sum it all up, let me reiterate the Franklin's words: *'Involve me.....and I learn!'*

Sanda Savić,
Senior Director, Corporate Affairs and Communications, Hemofarm



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Sustainability at Hemofarm

SECTION

About Hemofarm

Hemofarm^{1 2 3} is a leading regional pharmaceutical company focused on the production of quality Generics and Consumer Healthcare products, and through the operation of STADA Group, of Specialty medicines as well.⁴

According to IQVIA, Hemofarm is the leader on the local pharmaceutical market among the competition of 26 local manufacturers and 34 distributors, holding a share of 23.5% by volume, or 10.6% by value. In financial year 2023, Hemofarm generated sales of around € 473 million (+ 18.54% compared to 2022), and EBITDA of almost € 66 million (+ 9.53% compared to 2022).⁵

Building on its mission of Caring for People's Health as a Trusted Partner, supported by its four core values Integrity, Agility, Entrepreneurship and One STADA, Hemofarm seeks to develop and optimize, on an ongoing basis, its portfolio currently comprising as many as 456 SKUs (products in different forms and doses) and covers almost all therapeutic areas (13 out of 14 by ATC classification). Owing to the support by the parent STADA Group, the company has a strong track record of growth, endeavouring to expand business and further improve profitability by internationalizing successful products.

Hemofarm's portfolio is based on two main business segments:

Consumer Healthcare comprises non-prescription medicines with regulatory status as over the counter (OTC) medicine or medical devices, cosmeceuticals and cosmetics, vitamins, minerals & supplements. Apart from their main purpose of preventing and alleviating certain discomforts, the presence of these products on the market continuously raises awareness and trust in Hemofarm's brands. They also represent an important addition to the basic therapy in various dis-

eases and support to healthcare professionals. Although the company's portfolio already has a large number of well-positioned and recognizable brands with leading positions in their relevant markets, the CHC portfolio has been constantly further diversified. Owing to this, Hemofarm took the leading position on the Serbian pharmaceutical market in the CHC/OTC segment of the portfolio in 2023 (with a share of 10.4% by value).

Hemofarm's ten top-selling CHC/OTC brands (and their respective therapeutic areas) in 2023 were: Probiotic (gastrointestinal tract), Midol (prevention of cardiovascular events), Hepathrombin (circulatory system), Snup (cough & cold), Buscopan (gastrointestinal tract), Dulcolax (gastrointestinal tract), Rinasek (cough & cold), Febricet (cough & cold), Pressing (allergy), Magnetrans (vitamins and minerals).

Generics (Gx) are prescription drugs, i.e. medicines that can be dispensed on prescription only. A prescription is necessary because the doctor evaluates whether the medicine is appropriate for the patient based on the patient's medical history, symptoms, previous therapies and other factors. These medicines are available exclusively in pharmacies and hospitals. The Gx market is generally characterized by regulated pricing, with competition driven by the reliability of supply and cost competitiveness. Gx medicines are divided into originator and generic medicines. Originator medicines, also known as innovative medicines, are the medicines that were originally developed and patented by pharmaceutical companies. After obtaining an authorization, these medicines have an exclusive right to the market in the specified period, usually 10 to 20 years. Generic medicines are produced after the expiration of the patent and exclusive rights to the market of originator medicines. They contain the same APIs, doses, forms, with the same



method of administration as originator medicines, but are usually produced at lower prices because generic pharmaceutical companies do not have to invest in the research and development of a new medicine or conduct clinical trials. It results in the reduction of the prices of medicines and improvement in the access to health care, i.e. generic medicines are often a more cost-effective option to patients and healthcare systems. Launching the generic products in Gx segment, allowing the company to leverage its distribution channels and local market knowledge to launch new generic products.

Besides generic medicines, being the pillar of Hemofarm's operation in the Gx segment, through the portfolio of STADA group, the company has been also developed in the specialty segment in recent years, in which the medicines from the group of biosimilars or biologically similar drugs are predominant. Unlike medicines with small

molecules, biological medicines contain active substances from a biological source and have a very complex structure, so it is impossible to make an identical copy of them, but biologically similar medicines are concerned. Nevertheless, a biosimilar and its reference medicine are very similar and work without clinically significant differences in terms of quality, safety and efficacy.

Hemofarm's ten top-selling Gx products (according to INN⁶ and their respective therapeutic areas) in this segment in 2023 were: ocrelizumab (antineoplastic and immunomodulating agents), bromazepam (nervous system), lorazepam (nervous system), metformin (metabolism), amoxicillin/clavulanic acid (antiinfectives), diclofenac (musculoskeletal system), sodium chloride (blood and blood-forming organs), azithromycin (antiinfectives), bisoprolol (cardiovascular system), rivaroxaban (blood and blood forming organs).

⁰¹ Hemofarm was founded on 1 June 1960 in Vršac. It has been a member of German STADA Group since 2006, which was taken over by the private equity funds Bain Capital and Cinven in 2017 for providing further global growth.
⁰² Company is headquartered at Beogradski put bb, 26300, Vršac, while the Business Centre is based at Prote Mateje 70, 11000 Belgrade.
⁰³ The list of entities included in Hemofarm's sustainability reporting is focused on the operations of the company in Serbia, with a possibility of individual additions relating to the operations of Hemofarm Group (including B&H, Montenegro, Macedonia, and Romania – limited to the Laboratory in Timisoara), which is visibly highlighted and marked, for the sake of a clearer understanding of the presented data by the readers of the report.
⁰⁴ Hemofarm is active in pharmaceutical and healthcare sectors.
⁰⁵ In the financial year 2023, Hemofarm AD generated the sales in the amount of € 472,954,566.01 (vs € 398,987,772.44 in 2022). The generated EBITDA in 2023 amounts to € 65,663,515.01 (vs € 59,951,055.55 in 2022).
⁰⁶ INN is International Nonproprietary Name of a medicinal product.

2023. Quick Facts Sheet

Continuous development:

MORE THAN
63
YEARS

of growth and development of a trusted pharmaceutical brand;⁷

AN IMPORTANT MANUFACTURING ASSET OF STADA GROUP, WITH A PRESENCE IN 31 (34 IN 2022) STATES ON THREE CONTINENTS, COMPRISING THE MARKETS OF SOUTHEAST EUROPE, EU, MIDDLE EAST, NORTH AFRICA, AND CIS.

Portfolio:

- Generics (prescription medicines or Gx) and Consumer Healthcare (non-prescription pharmaceuticals or CHC) build a rich portfolio of the company. Sales structure: Gx 70% (↑), CHC 30% (↑).
- Diversified portfolio includes 451 individual packages and SKUs covering many therapeutic areas with many category leaders.
- STADA's products, within which Hemofarm's portfolio holds a significant share, cover 22% of the World Health Organization (WHO) listed essential medicines or 122 out of 544 medicines listed.⁸

People:

With their skills, knowledge, and commitment, Hemofarm's employees form the foundation of the company's success.

A TEAM OF
3,454
EMPLOYEES

(3,185 u 2022) in Hemofarm a.d. or about 4,000 employees at the level of Hemofarm Group (about 3,600 in 2022).

GENDER BALANCE:

55.24

(↑) share of
WOMEN
in the company, and they are a majority at management positions too (about 66%).



Production:

7.8 billion

UNITS PRODUCED IN TOTAL
(↑ +9.5%, 7.06 billion in 2022)

347 million

PACKS OF FINISHED PRODUCTS
(↑ +11.3%, 308 million in 2022)

DOUBLE-DIGIT SALES AND PROFIT GROWTH:

In total, the strong combined performance of the Consumer Healthcare and Generics segments resulted in reporting a **18.54%** increase in adjusted sales in **2023**, which is significantly above the market average. Commercial agility and tight cost discipline contributed to a **9.53%** increase in adjusted EBITDA.

Investments (Mio EUR) / Total 37.8 (30.3 in 2022):

79.6%
INVESTMENTS

in property, plant and equipment
(€ 30.1 million)

20.4%
INVESTMENTS

in intangible assets
(€ 7.7 million)



Ronald Seeliger
CEO



Dejan Ivanović
Operation Cluster
Head SEERU



Nikola Turkan
Senior Director of
Finance (CFO)



Saša Urošević
Senior Director of
Hemofarm Banja Luka



Irina Skityaeva
Senior Director of
Human Resources



Veljko Pešić
Senior Director of
Marketing & Sales



Jelena Rankov
Senior Director of
Global Quality Control



Milan Smoljanović
Senior Director of
Corporate Security



Sanda Savić
Senior Director of
Corporate Affairs and
Communications



Sanja Manasijevski
Senior Director of
Legal Affairs and
Commercial Projects



Sanja Ristić
Senior Director of
Internal Audit



Tamara Tomić
Senior Director,
Cluster Quality Head SEE

Hemofarm a.d. is a joint stock company operating within German STADA Group, and the top management bodies in the company are the Chief Executive Officer - Dr Ronald Seeliger, and SMT – Senior Management Team, acting as the Board of Directors, which is composed of Senior Directors and Managers of leading corporate functions.⁹

Dr Seeliger manages the work of SMT in creation, implementation, and alignment of the business strategy with the business activities of the STADA Headquarters in Germany. Through the dynamic

matrix organizational model aligned with STADA Group, SMT is committed, apart from other things, to respecting the principles and values of sustainable development and their application in all aspects of business, which is confirmed also by corporate governance principles and sustainable development principles of Hemofarm which include: 1) Human Rights & Security, 2) Dignified Work and Decent Employment, 3) Anti-corruption and Compliance, 4) Responsible Business, Quality and Sustainable Production, 5) Ethical Marketing and Communications, and 6) Efficiency, Integrity & Environment.¹⁰

⁰⁷ Detaljna istorija kompanije i njenih proizvodnih lokacija i poslovnih centara dostupna je na [Hemofarm - O nama - Predstavništva](#)

⁰⁸ Including least-developed countries (LDCs), low-income countries (LICs), low-middle income countries (LMICs) and upper middle income countries.

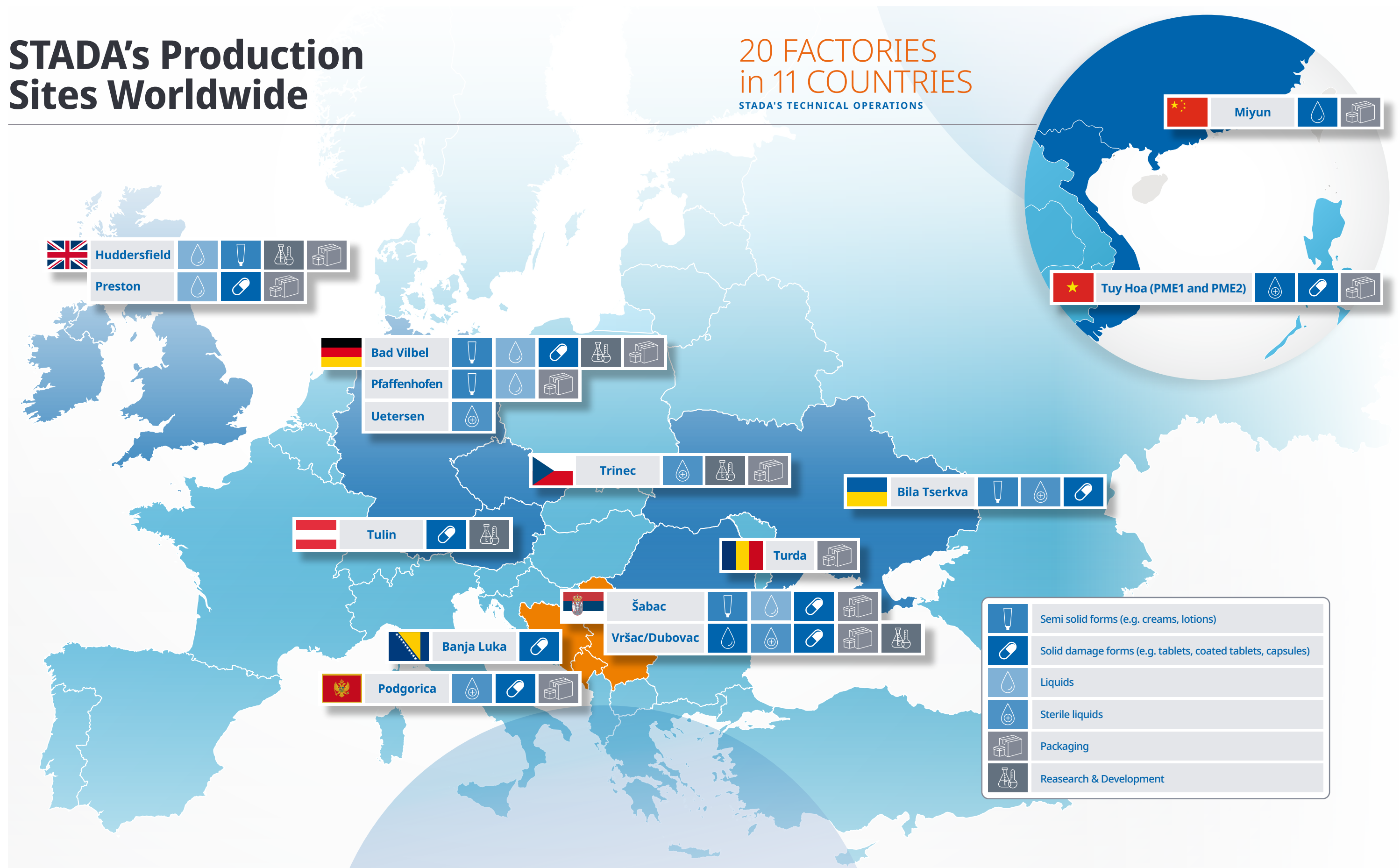
⁰⁹ The operationalization of management, along with gaining of broader insights into all strategic issues applied in practice, is also realized through the work of the EMT - Extended Management Team, which unites the middle and lower management of the company.

¹⁰ Available to all stakeholders at the corporate website.

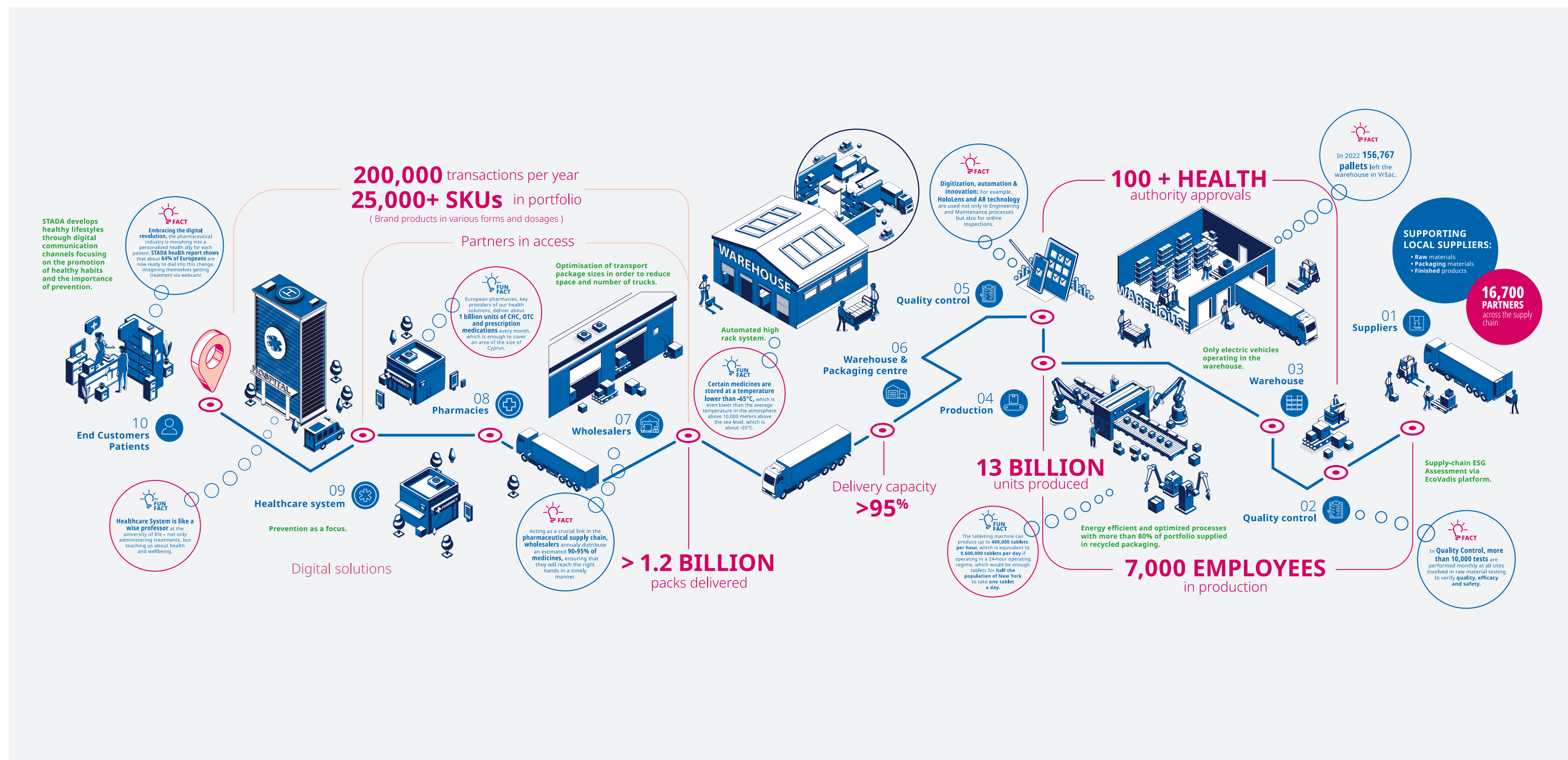
STADA's Production Sites Worldwide

20 FACTORIES
in 11 COUNTRIES

STADA'S TECHNICAL OPERATIONS



STADA's production and supply chain^{11 12}



¹¹ Types of suppliers and partners include - indirect, incl. services and direct, incl. CMOs, APIs, excipients, packaging materials, while the number of STADA's suppliers and partners around the world amount at total of 16,700. In 2022, no significant changes were made within STADA's supply chain compared to 2021, including facility openings, closings, and expansions, as well as general changes in the structure of the supply chain.

¹² Data presented on the visual originate from the mobile exhibition STADA EXPO, showing company profile with ESG performance, that would be launched in 2023.

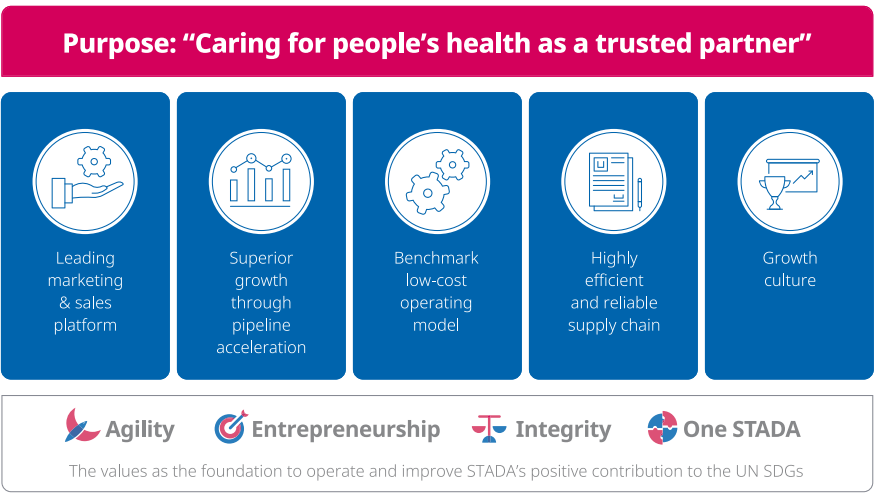
Stakeholder Dialogue and Material Assessment

Hemofarm sustainability reporting project launched back in 2012, as well as its very concept served as the basis for establishment of a global ESG program at the STADA Group level.

In this respect, in 2023 a global concept of the report was conceived according to which two STADA Group Sustainability Reports (for 2022 and 2023) and one Hemofarm Sustainability Report (for 2022) have already been published. In accordance with this concept, which raises ESG transparency and balance to a higher level, the data were presented in this Sustainability Report, consisting of 3 essential units:

- 1. a joint presentation of the ESG impact of the entire Group,
- 2. commitment to achieving the SDG goals, and
- 3. presentation of GRI indicators.

This approach provides a good link not only to STADA Group's global sustainability program, but also to the strong localization of the ESG program, in order to improve the impact on society and the environment in the best way, and in the service of fighting for people's health. In that regard, an annual joint stakeholder dialogue, the tenth in a row for Hemofarm, and the third for STADA Group, was held. In such a way, the chances for a positive impact and a comprehensive overview of the positioning of STADA and Hemofarm in the global arena when it comes to providing services and products intended for the prevention and treatment of health problems and symptoms are maximized. Hemofarm conducted the previous stakeholder dialogue cycle also within a joint global stakeholder dialogue in the last quarter of 2022 and the first quarter of 2023, within the preparation of sustainability reporting for 2022.



The very change in the approach to reporting, along with a closer connection between the global and local levels, influenced to some extent the selection of key potential topics for the material impact assessment, which resulted in certain variations compared to the pre-


vious cycles of stakeholder dialogue at Hemofarm level. Also, this is the second cycle that was realized from the aspect of preparation for full implementation of the binding double materiality concept, with the upcoming implementation of CSRD.¹³

**SDG 3: Ensure healthy lives and promote well-being for all at all ages.**

What this means for STADA:
For STADA personal sustainability means good health and well-being (SDG 3). This is reflected in STADA's purpose and enabled through a portfolio of products and relevant pieces of advice in line with preventive education.

Potential STADA's material topics:

- Portfolio development
- Access to medicines
- Transparency and ethical marketing

**SDG 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.**

What this means for STADA:
STADA strives to offer fair and supportive working conditions to its employees. This enables achieving sustainable economic growth (SDG 8).

Potential STADA's material topics:

- Fair working conditions
- Employee engagement and retention
- Employee development
- Diversity, inclusion & gender equality
- Occupational health and safety

HEMOFARM'S ESG COMMITMENTS THROUGH SUPPORTING SDGS

In order to adequately assess the materiality of topics of importance to Hemofarm, it is necessary to look at all the ways in which the company, together with its suppliers, and as a member

of the UN Global Compact (UN GC)¹⁴, strives to contribute to the achievement of the UN's sustainable development goals, as well as the ten UN GC principles. Thus, Hemofarm's particular efforts to make society and the environment a better place are seen from the point of view of the global agenda of the UN GC, with the wider implication of those influences.¹⁵ In line with the current level of the sustainable development of the company, and the group within which it operates, as well as with the strategic priorities, the company focuses on meeting the following SDGs:




**SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.**

What this means for STADA:
For a better health, STADA constantly improves its product portfolio and production infrastructure (SDG 9) together with its employees, stakeholders, and local communities.

Potential STADA's material topics:

- Product quality and safety
- Portfolio development
- Access to medicines
- Responsible procurement

**SDG 12: Ensure sustainable consumption and production patterns.**

What this means for STADA:
To achieve positive ESG impacts, STADA is setting its own targets and ensuring compliance with regulatory requirements, while striving to be more sustainable in its operations (SDG 12).

Potential STADA's material topics:

- Resource consumption and waste
- Decarbonization and climate change
- Sustainable products

**SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development.**

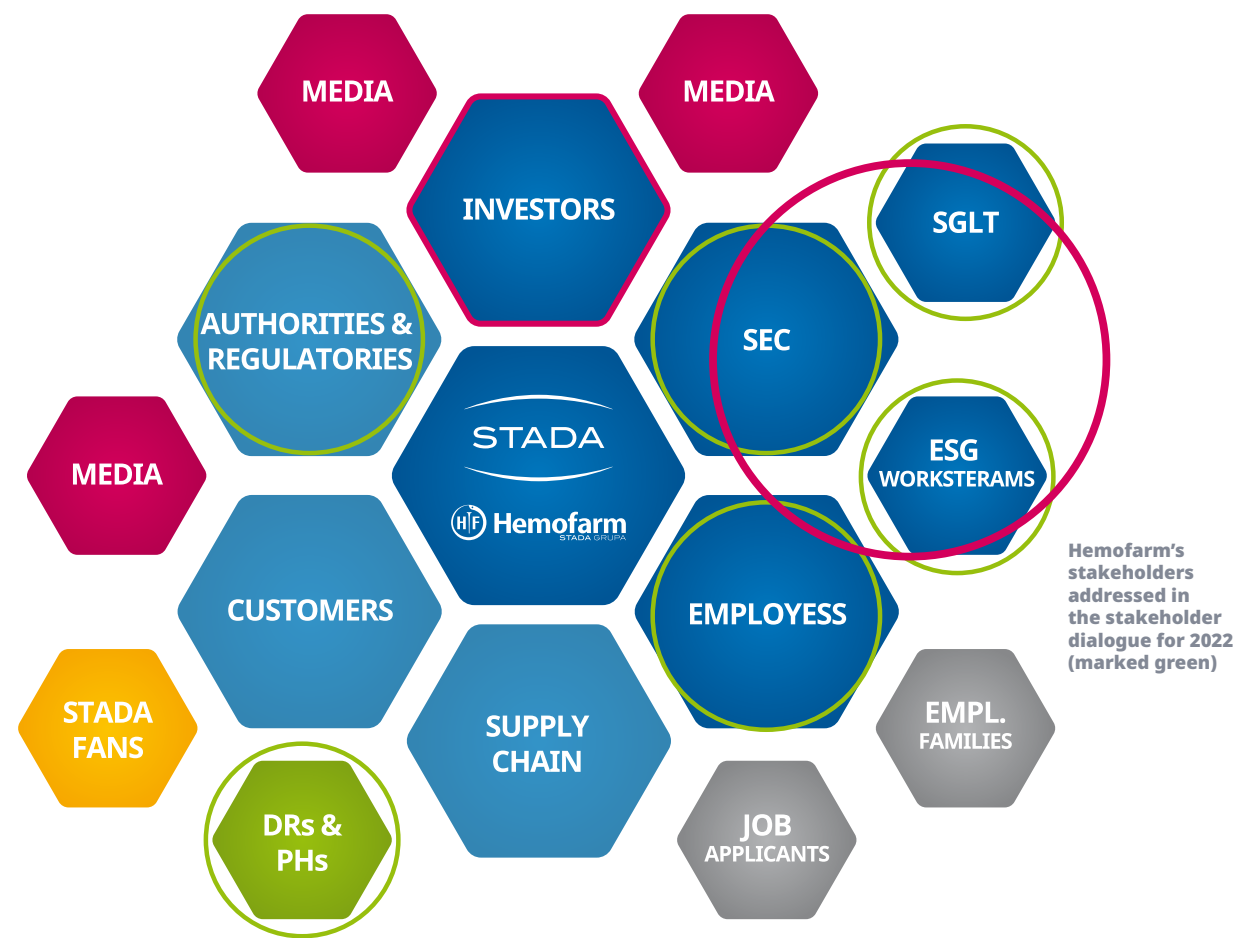
What this means for STADA:
STADA leads active dialog with its stakeholders and initiates new partnerships to meet the SDGs addressed by STADA's operations (SDG 17).

Potential STADA's material topics:

- Governance and ethical business
- Corporate culture and values
- Respect for human rights
- Data privacy and security
- CSR and support to public healthcare

¹³ CSRD – Corporate Sustainability Reporting Directive, a new binding EU directive for ESG reporting, applicable to the companies such as STADA Group.
¹⁴ Since 2017
¹⁵ In order to emphasize its commitment to improving the overall ESG impact, Hemofarm contributed to the creation of a new global sustainable development policy at the STADA Group level during 2022

Material Assessment



In its strategies, Hemofarm focuses on such ESG areas where it can maximize measurable and positive impacts on the community in which it operates, enabling a clear perception of progress on the way to achieving the company's vision.

Seeking to gather feedback and opinions from its stakeholders, Hemofarm annually collects their inputs on its upstream and downstream ESG impacts (through impacts, risks and opportunities - double materiality). In order to define material topics for sustainability reporting, Global Sustainability Manager proposes to SMT and CEO the potential material topics and relevant impacts, which are harmonized with STADA SEC

(STADA Executive Committee). The stakeholder groups to be addressed within annual stakeholder engagement cycle are defined and the methodologies for conducting a stakeholder dialogue are selected in the same way.

Sustainability Country Coordinators (SCC) are the committed local representatives at STADA affiliates with the role to support and implement the STADA Global ESG Program (SGEP) and sustainability reporting. In January 2024, STADA plans to organize two workshops for the SCCs on how to understand defining and prioritizing stakeholders and how to approach double materiality process with understanding and evaluating upstream and

downstream impacts, risks and opportunities. The SGEP would be supported by issuing internal ESG handbook as a knowledge base on sustainability and lessons learned collection from sustainability reporting from 2012 to date. Since the SGEP was launched in December 2023, more details on its mission and activities will be published in the next STADA reports.

SCC representatives worked together with their local teams in evaluating/ranking impacts, risks and opportunities in upstream and downstream context via Google Form Questionnaire, bringing together around 120 respondents. The response rate was at a high level of around 89% (85% in 2022.).

Materiality Matrix and Material Topics

The stakeholder dialog, which served as the basis for creating this report, involved the assessment of the 18 topics (similar as in 2022) listed below¹⁶, considering double materiality principles or their impact on the company's business and Hemofarm's footprint on the society and the environment.

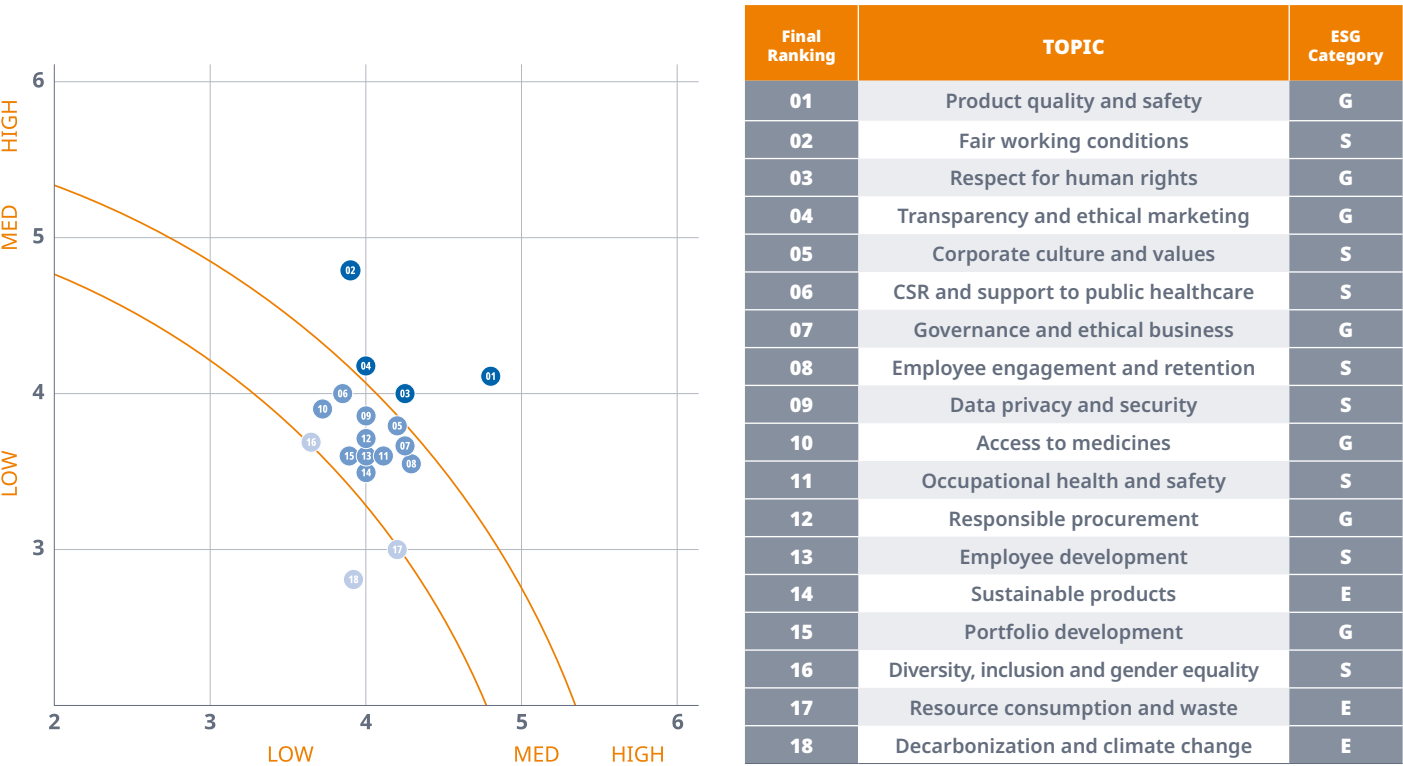
Potential material topics were optimized for the best fit to the current and potential ESG impacts of business operations. Assessing upstream and downstream impacts resulted in changing perspectives of some of the topics according to double materiality approach

as a referent concept. Such an overall approach with updated and simplified topics, together with double materiality assessment, enabled further development of Hemofarm's ESG potentials and performances.

After executing stakeholder dialogue and collecting feedbacks, all proposed topics were found as material. Final ranking of the topics came out after considering their multi-dimensional ESG impacts with reporting boundaries defined within management disclosures in this report. The final order of topics did not change compared to the previous dialogue cycle, which confirmed the company's good strategic

commitment to the development of an ESG strategy, but also ESG awareness within the company, the entire group and beyond - across the entire supply chain. Also, Hemofarm's sustainability approach, with intention to put more focus on "S" (social) and "G" (governance) aspects, was confirmed as reasonable by the outcome of double materiality assessment and the final ranking of material topics.

Product quality and safety topic remained ranked as one of the topics with highest impact, while Social and Governance topics remained high on the list of priorities¹⁷, while Environmental topics remained with a lower priority.¹⁸



¹⁶ These 18 topics, represent only an update of topics that are better aligned with further development of both STADA's and Hemofarm's business, ESG efforts and internal/external expectations. These updates are made in such way to enable easier understanding of STADA's and Hemofarm's materiality, with full comparability to the previous materiality assessments.

¹⁷ The topics like Fair working conditions and Respect for human rights were highly ranked/prioritized owing to raising the awareness of key stakeholders about the importance of these topics, but also due to the potential of Hemofarm's positive impact on them.

¹⁸ Lower priority of these Environmental topic does not illustrate a decrease of their significance or importance, but a lower level of potential impacts on Hemofarm and from Hemofarm compared to material assessment in the previous cycles of stakeholder dialogue and reporting.

Managing Material Topics¹⁹

The assessment, analysis and evaluation of the external ESG impacts on the company, as well as the internal ESG impacts of the company on society and the environment adds to shaping Hemofarm’s sustainability improvement efforts and its ESG journey.

The potential positive and negative impacts in both indicated directions have been considered in the stakeholder dialogue process, in connection with the relevant potential materiality topics. The three levels of impact – low, medium, and high – have been defined. A low impact, regardless of whether it is positive or negative, does not have a significant impact on the company’s business, as well as on the business footprint on society and the environment,

while the medium level implies an impact the consequences of which raise the need for moderate preventive and corrective actions (in case of negative impact) or affirmative footprint (in case of positive impact). A high level negative impact could affect Hemofarm or its social footprint to a certain extent, with expected efforts for prevention or mitigation, while a high level positive impact is an ideal scenario that the company strives for through the defined ESG goals. All current and potential impacts, together with newly identified impacts compared to the previous stakeholder dialogue cycle, are presented in the following table according to stakeholders’ feedbacks collected in the process of stakeholder dialogue in 2023 (the tenth cycle of stakeholder dialogue):

HEMOFARM’S CURRENT AND POTENTIAL ESG IMPACTS LINKED TO MATERIAL TOPICS

HEMOFARM'S RESPONSE	Upstream (outside-in or impacts on business)			MATERIAL TOPIC	Downstream (inside-out or impacts on the environment and society)			HEMOFARM'S RESPONSE
	High Impact (H)	Medium Impact (M)	Low Impact (L)		Low Impact (L)	Medium Impact (M)	High Impact (H)	
Better and more agile planning; identifying alternative suppliers		(L) Potential shortage of raw materials		PRODUCT QUALITY AND SAFETY		(H) Offering expert and proven advice and recommendations for improved prevention and therapy		Maintaining the level of product quality and safety according to laws, pharmaceutical standards, procedures in the company, while respecting user expectations and improvements if and where possible
Strictly following all applicable regulations and procedures, with focus on pharmacovigilance.		(M) Product recall as a consequence of changed regulative.				(M) Product recall as a consequence of changed regulative.		Strictly following all applicable regulations and procedures, with focus on pharmacovigilance

¹⁹ Risks and opportunities are considered from the perspective of outside influence, and impacts from the perspective of inside influence. Also, ‘upstream’ and ‘downstream’ perspectives were not used here to illustrate aspects of the value chain, but external and internal perspectives. This applies to the whole chapter and the table below, as well as relevant GRI KPIs in the Section 3 unless stated differently.

HEMOFARM'S RESPONSE	Upstream (outside-in or impacts on business)			MATERIAL TOPIC	Downstream (inside-out or impacts on the environment and society)			HEMOFARM'S RESPONSE
	High Impact (H)	Medium Impact (M)	Low Impact (L)		Low Impact (L)	Medium Impact (M)	High Impact (H)	
Using EcoVadis platform for ESG suppliers' assessment, together with education and motivation of suppliers and partners.		(L) Improving of respect for fair working conditions across the supply chain and with partners		FAIR WORKING CONDITIONS	(M) Development of skilled and motivated team with better output; in parallel general improvement of labour market			Konstantan razvoj ljudskih resursa i radnog okruženja za stalno unapređenje ‘S’ aspekta ESG-a, kao faktora zadovoljstva i motivacije zaposlenih.
Improvement of education on this topic within the Group and its supply chain		(L) Lack of respect for human rights to the required extent			(L) Gender Gap in providing the same working conditions to female and male employees for the same job positions.			Regular Gender Gap/Equal Pay assessments to prove equal working conditions to all employees based only on their expertise and the level of engagement.
Strictly following laws and regulations with proactive legal and compliance assessment within own operations and the supply chain.		(L) Non-compliance with laws and regulations to the required extent		TRANSPARENCY AND ETHICAL MARKETING	(H) Developing knowledge and responsibility in prevention and leading healthy lifestyle			Sharing scientifically backed pieces of information about potentials through personal engagement and responsibility together with sharing instructions on adequate therapy and responsible drug using in accordance with laws.
Proactive alignment with trends and regulations with industry benchmarking		(L) Change / development of business practice with new expectations of potential employees (peers, Gen Z, etc.)		CORPORATE CULTURE AND VALUES	(H) Personal development of employees, together with rising their motivation and satisfaction.			Regular pulse surveys for employee satisfaction. Constant investments in human capital development.
Transparent approach to CSR and decision-making process		(L) Lack to support all potential projects and vulnerable groups		CSR AND SUPPORT TO PUBLIC HEALTHCARE	(H) Improving local communities and public healthcare systems			Constant scanning of public healthcare needs for support, together with patient groups
Constant assessment of operations and suppliers' interactions by legal and compliance functions		(M) Non-compliance with laws and regulations of own operations or within supply chain to the required extent.		GOVERNANCE AND ETHICAL BUSINESS	(H) Improvement of employee education and overall business standards.			Constant development of global corporate policies to meet ESG and other ethical standards
Constantly benchmarking business peers and potential employees' expectations (i.e. Gen Z)		(L) Lack of talents and motivation		EMPLOYEE ENGAGEMENT AND RETENTION	(M) Human capital constant development with overall improvement of pharma branch professionals.			Constant investment in employee training and development
Constant improvement of IT security, together with education of employees on this topic.		(M) Hacker attacks		DATA PRIVACY AND SECURITY	(M) IT security infrastructure development and capacity building.			Compliance with all applicable laws and regulations (i.e. GDPR).

HEMOFARM'S RESPONSE	Upstream (outside-in or impacts on business)			MATERIAL TOPIC	Downstream (inside-out or impacts on the environment and society)			HEMOFARM'S RESPONSE
	High Impact (H)	Medium Impact (M)	Low Impact (L)		Low Impact (L)	Medium Impact (M)	High Impact (H)	
Suppliers' reliability improvement. Better engagement with stakeholders in mapping AtM needs and healthcare requirements	(M) Shortage of medicines and lack to meet all tangible requirements of healthcare systems			ACCESS TO MEDICINES (ATM)	(M) Improvement of access to medicines program with offering more potentials in affordable prevention and therapy.			Proactive approach to realizing patients' needs as well as potentials to support availability of medicines through efforts of healthcare systems and patient groups
					(L) Lack of meeting all requirements of patient groups and healthcare system in further improvement of AtM programs			Closer and more frequent stakeholder engagement in predicting future needs within AtM aspects.
Full compliance with laws and regulations with agile risk and prevention management system	(M) Improved HSE practices via new legislation, standards and/or education			OCCUPATIONAL HEALTH AND SAFETY (HSE)	(M) Improved OHS practices via new policies, procedures and/ or education			Proactive risk and prevention management system, trainings and audits/reviews.
Using EcoVadis platform for ESG suppliers' assessment, together with education and motivation of suppliers and partners.	(M) Overall improvement of ESG performance within business sector with positive selection of ESG reliable and compliant suppliers			RESPONSIBLE PROCUREMENT	(M) Overall improvement of ESG performance within supply chain, together with more reliable and sustainable suppliers			Using EcoVadis platform for ESG suppliers' assessment, together with education and motivation of suppliers and partners.
Full alignment with laws and regulations, together with following all tangible HR trends	(L) Change of regulations and jobs' architecture, together with new market demands (Gen Z)			EMPLOYEE DEVELOPMENT	(M) Further digitalization in employee trainings to offer more potentials and options for all.			IT and practice infrastructure development, together with industry and trends benchmarks
					(H) Creating and leading personal career development plans for employees			Customizing growth and development options based on personal profiles and potentials
					(L) Lack of providing all potentially applicable kinds of education to each employee, due to budget limitations			Better budget planning and allocation of resources
Full alignment with laws and regulations, together with following all tangible ESG trends and consumer needs	(M) Change of regulatory requirements to propose more sustainable aspects of products and packaging			SUSTAINABLE PRODUCTS	(M) Further development of sustainable products and packaging, together with portfolio optimization, based on 5R logic.			Proactivity in realizing ESG trends and customer needs, combined with industry benchmarks.
Full compliance with laws and regulations	(L) Change of regulation to influence portfolio development			PORTFOLIO DEVELOPMENT	(H) New prevention and therapy options through modern and affordable portfolio			Scientifically backed predictiveness and market analysis in order to meet healthcare demand on time
					(L) Lack of particular products or launch delay			Planning on time and full compliance with laws and regulations, enabled by reliable supply chain.

HEMOFARM'S RESPONSE	Upstream (outside-in or impacts on business)			MATERIAL TOPIC	Downstream (inside-out or impacts on the environment and society)			HEMOFARM'S RESPONSE
	High Impact (H)	Medium Impact (M)	Low Impact (L)		Low Impact (L)	Medium Impact (M)	High Impact (H)	
Full compliance with laws and regulations. Continuous education and close engagement with all relevant stakeholders	(L) Lack of respect for diversity, inclusion and gender equality to the required extent			DIVERSITY, INCLUSION AND GENDER EQUALITY	(M) Improvement of respect for diversity inclusion and gender equality			Trainings of employees and partners, together with constant improvement of fair working conditions. Promotion of D&I
					(L) Pay gap in compensation (salary) for female and male employees for the same job positions.			Regular Gender Gap/Equal Pay assessments to prove equal working conditions to all employees based only on their expertise and the level of engagement.
Full compliance with laws and regulations with adequate planning based on proactive risk management	(L) Lack of resources and need to switch to alternatives due to external factors and/or legislative changes.			RESOURCE CONSUMPTION AND WASTE	(M) Further improvement of environmental footprint by more efficient processes, green resources and employees' behaviour.			Continuously improve environmental performance of Hemofarm's sites and partners
Full compliance with laws and regulations with adequate planning based on proactive risk management Proactive planning and processes optimization, with full regulatory compliance.	(M) Rising costs of regulatory demand and/or non-compliance with laws and regulations.			DECARBONIZATION AND CLIMATE CHANGE	(L) Not meeting external stakeholder expectations and foreseeable regulatory trends.			Proactive GHG management along long-term reduction targets.
Advocating for ESG and its full integration into business strategies. Developing people's mindset about ESG through projects and activities like STADA EXPO.	(M) Improving ESG mindset within supply chain including decarbonization and climate change.				(M) Improving STADA's performances in ESG including decarbonization and climate change.			Initiating entrepreneurial ESG mindset among employees and encouraging them to propose ESG ideas, initiatives and projects.

LEGEND	POSITIVE		NEGATIVE	
	LIKELIHOOD TO OCCUR: <div><div></div><div></div> Low probability</div> <div><div></div><div></div> Medium probability</div> <div><div></div><div></div> High probability</div>			
	The focus of this assessment is on potential impacts, while monitoring of possible actual impacts is carried out in parallel, which will be presented in more detail in the next report on sustainable development. Also, all negative impacts that could potentially occur between two cycles of material assessment are being analysed and managed through STADA's Global Risk Management System.			
NOTES	In addition to the aforementioned impacts, as well as turbulence on the international market due to the war in Ukraine and military operations in Gaza, with the accompanying humanitarian and economic consequences, general social-economic situation in the world was identified as significant and growing factor of the pressure and impact on the business environment in general, which is consequently reflected, to a lesser or greater extent, in a direct or indirect way, on current and future operations and the very development and repositioning of the ESG strategy. No high-level negative impacts were identified in 2023.			

MANAGEMENT OF MATERIAL TOPICS IS STRUCTURED ALONG THE MAIN E, S OR G PILLARS		
ASPECT	MATERIAL TOPICS	MANAGEMENT OF MATERIAL TOPICS
Economic, environmental, and social topics are being analysed through regular monthly business review within the leading global functions (e.g. Technical Operations, Culture & People, etc.) and quarterly meetings of the Sustainability Steering Committee (SSC). Feedback on ESG aspects and topics is collected from Hemofarm's stakeholders through annual dialogues. Relevant ESG aspects and actions to be taken are communicated to SSC, and delegated to responsible members of the committee, which makes the final decision on the activities to be undertaken, including the global concept of sustainability reporting, which is confirmed and/or localized by Hemofarm's SMT, headed by CEO. The ESG performances are also presented to investors and shareholders via a specialized dashboard.		
E	<ul style="list-style-type: none">• <i>Sustainable products</i>• <i>Resource consumption and waste</i>• <i>Decarbonization and climate change</i>	<p>Environmental aspects are centrally steered by the Global HSE function through global environmental standards/guidance; setting global and local targets and supporting the local operations with adaptation and implementation. HSE performance and risk reporting are integrated into the process of monthly review of all relevant parameters and business activities to the CTO.</p> <p>All relevant manufacturing sites, including Hemofarm's production complexes, have implemented local processes (e.g. certified ISO 14001 management systems) to ensure compliance with environmental laws and to continuously improve their environmental performance based on the requirement of various regulations and internal procedures within STADA Group.</p> <p>The aspects of sustainability and product-related impact are addressed by integrating e.g. packaging aspects into product development, as well as into active and continuous review of the footprint of existing products, with adequate improvement measures.</p>
	<ul style="list-style-type: none">• <i>Fair working conditions</i>• <i>Corporate culture and values</i>• <i>CSR and support to public healthcare</i>• <i>Employee engagement and retention</i>• <i>Data privacy and security</i>• <i>Occupational health and safety</i>• <i>Employee development</i>• <i>Diversity, inclusion and gender equality</i>	<p>Hemofarm's personnel strategy is managed by the Human Resources Department, which closely cooperates with the central Global Human Resources department at Group headquarters in Bad Vilbel, Germany. The entire 'Human Resources' department was renamed to 'Culture & People' team (hereinafter C&P) in 2023. The focus of C&P was on the core areas of 'Global Performance & Rewards', 'Talent Management', 'Talent Acquisition & Employer Branding' and 'People Analytics & Digital Experience'. These departments specify standards, guidelines and processes that are implemented by the international subsidiaries and supplemented in accordance with market-specific conditions. In view of a strong centrally-managed international C&P structure, there are also functional reporting lines from all regional human resources managers to the global C&P management, as well as cascading all activities in the domain of human resources management down to local C&P teams in all affiliates. STADA reinforced its Equal Pay Commitment for all employees, irrespective of the gender and other variables. The company treats people as the foundation and ensures equal opportunities at all levels of the organization. Therefore, STADA is developing programs and establishing practices that enable diversity, uniqueness, and gender equity at all workplaces. For the company, performance is the driver to differentiate pay and the organization firmly commits to the principle of equal pay for equal or comparable work.</p> <p>STADA and Hemofarm are dedicated to the implementation of the UN 2030 Agenda, thus making Pay Equity a key people priority across all functions. The company offers its employees both performance-oriented as well as demand and market-oriented compensation. The rights of employees are also defined by the Collective Bargaining Agreement, and social security for employees is an important part of the corporate culture. For this reason, Hemofarm offers a wide range of voluntary additional benefits. Professional training and development of employees at all levels help ensure and strengthen company's competitiveness. Hemofarm therefore attaches great importance to training and development of its staff.</p> <p>Occupational health & safety (OHS) is managed centrally by the Global HSE function which is defining global HSE standards / guidelines as well as global and site-level targets, is managing HSE reporting and incident investigation and knowledge sharing across the local HSE functions. All key manufacturing sites, such as Hemofarm's, have implemented local processes (e.g. certified ISO 45001 management systems) to ensure compliance with applicable laws and to continuously improve their HSE performance based on Group-wide requirements.</p>
S		
G	<ul style="list-style-type: none">• <i>Product quality and safety</i>• <i>Respect for human rights</i>• <i>Transparency and ethical marketing</i>• <i>Governance and ethical business</i>• <i>Access to medicines</i>• <i>Responsible procurement</i>• <i>Portfolio development</i>	<p>Product quality and safety are in the focus of Hemofarm's business operations as some of the main targets. To ensure product quality and safety, Hemofarm complies with legal requirements and guidelines in its development activities, or in case of local development in different countries where Hemofarm Group operates, with the respective national requirements. In addition, for the planning and conducting of clinical trials, the company follows so-called Good Clinical Practice (GCP), as well as Good Manufacturing Practice (GMP) guidelines at its manufacturing sites which are subject to GMP. As part of a Group-wide global pharmaceutical safety system, mandatory for the whole world and the industry itself, Hemofarm monitors, collects and evaluates reported pharmaceutical risks and/or suspected adverse drug reactions through the global pharmacovigilance system.</p> <p>For the global leadership team (STADA SGLT, with Hemofarm's top management representatives as its members), there were monthly video conferences with the CEO STADA Group, as well as two in-person meetings in the spring and fall of 2023, focusing not only on the transparent distribution of strategic updates, but also on corporate culture development. At such calls and meetings all important governance and business topics are being presented in detail and discussed in order to achieve fully aligned action of further top-down implementation.</p> <p>Legal and Compliance business function sets organizational and procedural structure and provides advice to the business while the Internal Audit function is assessing all Hemofarm's operations in order to provide full alignment with corporate policies and business ethics, as well as all applicable laws, standards, and regulations.</p> <p>Values (incl. principles and standards with norms of behaviour) are included as KPIs for each Hemofarm's management member on all levels. This is being evaluated each year and affects personal targets and achievements assessment.</p>

Hemofarm's ESG Performances

For Hemofarm, ESG as a concept and an approach to responsible business, becomes more and more important every year, along with its efforts to pay special attention to business and products' footprints and impacts.

Company also pays a great deal of attention to proactive risk management, about which more information is available within STADA Annual Report for 2023.²⁰ Last year, Hemofarm published its Report on Sustainable Development for the eleventh time in a row, thus confirming its commitment to sustainable future and support in fulfilling selected SDGs. Hemofarm's ESG outlook includes multiple aspects, compatible with latest global Sustainability & ESG Commitments Policy adopted at STADA Group level:

ENVIRONMENTAL:

1. Environmental Management – Hemofarm's commitment to environmental issues is evident through its efforts to reduce its carbon footprint, responsible use of resources and waste management. In this respect, Hemofarm focuses primarily on its technical operations and production, and optimizing product aspects as packaging, but at the same time it strives to raise the level of awareness and responsibility on this topic across its supply chain and among the end users of its pharmaceutical products.

2. Sustainable Procurement – Hemofarm follows the global and local sustainable procurement policies and

practices to manage potential risks in its supply chain. This involves working with suppliers to foster environmental and social standards and increase awareness while using EcoVadis® as ESG rating platform to assess suppliers and make joint effort for lowering environmental risk while improving environmental impacts.

SOCIAL:

1. People Development and Respect for Human Rights - At Hemofarm, fostering people development and respect for human rights are fundamental pillars of the business model, as the company is committed to nurturing an inclusive workplace environment that promotes personal and professional growth, while upholding the highest standards of human rights.

2. Labour Relations and Safety - Hemofarm is maintaining rigorous safety and quality standards, as well as investing in training and development of all its employees.

3. Access to Medicines - as a producer of generic medicines and OTC products, Hemofarm is well-positioned to positively impact health and well-being with its affordable and quality medicines. The company's efforts in widening access to essential medicines can foster further reducing the pressure on the public health system.

4. Corporate Social Responsibility - Hemofarm continues to actively engage in providing support to the community,

through the Corporate Social Responsibility initiatives, such as supporting local communities, education, and development of young talents, etc. Hemofarm Foundation, a leading regional healthcare foundation, is the mainstay of the activities in this domain.

GOVERNANCE:

1. Corporate Governance – Hemofarm's governance operates through SMT, headed by the CEO, whereas STADA Group maintains the governance through the activities of STADA Executive Board (STADA SEC) and Supervisory Board. The company emphasizes transparency, risk management, compliance, and ethical business practices.

2. Code of Conduct and Ethics – Hemofarm adheres to a strong code of conduct and ethics, including guidelines on anti-corruption, compliance, and fair competition. Compliance with these guidelines is vital in ensuring internal and external trust.

3. Stakeholders Management - Hemofarm engages with shareholders, partners in the supply chain and local community, customers, and employees through various channels, ensuring an open dialogue and balancing the interests of all stakeholders. Annual Stakeholder Dialogue for material assessment is a vital part of Hemofarm's stakeholder engagement efforts.

²⁰ Available at: <https://www.stada.com/investor-relations/financial-publications/financial-reports>

²¹ Also, parent company STADA, published its Business Partners Code of Conduct, which is available at ([Business Partners Code of Conduct](#)); By this document, the company sets the binding standards for respecting human rights, environmental issues and ethical standards in the relationship with all partners, in its sphere of direct impact.

²² Respect for Human Rights represents an important pillar of Hemofarm's attitude to people (its employees and supply chain). Since it is enabled by governance, it would be elaborated as an asset of 'G' aspect within ESG concept in this Report (or as a part of contribution to SDG 17).

²³ Additional information about this significant topic, applicable to all STADA affiliates, is available in the global sustainability report, which can be found at https://www.stada.com/media/8871/stada_sustainability-report_2023.pdf

²⁴ Access to Medicines represent an important social aspect form external perspective, but since it is enabled at Hemofarm by governance (internal perspective), it would be elaborated as an asset of "G" aspect within ESG concept in this Report (or with SDG 3 and SDG 9).

ESG AREA	PARTICULAR TOPIC	STADA GROUP'S COMMITMENTS FOR 2023	STADA GROUP'S ACHIEVEMENTS IN 2023 / COMMITMENTS FOR 2024
E	CARBON EMISSIONS	Pursue -42% decrease of carbon emissions (2020-2030) to support the 1.5°C target incl. increase of renewable energy & energy efficiency, following Paris Agreement.	Achievement in 2023: <ul style="list-style-type: none">Reduction of absolute carbon emission by ~ - 25% (2020 – 2022)Evaluation and calculation of Scope 3 emissions (2022) Commitments for 2024: <ul style="list-style-type: none">Continue reducing carbon emissions in line with long-term targetDefine Scope 3 baseline
	SUSTAINABLE PRODUCTS AND PACKAGING	Full implementation of 5R strategy while designing products and packaging: Remove, Reduce, Reuse, Recycle, Refill.	Achievements in 2023: <ul style="list-style-type: none">Launch of 'Packaging @ STADA' intranet sectionDevelopment of 'EcoDesign Guideline' and related initiatives Commitment for 2024 <ul style="list-style-type: none">Further develop internal processes to embed sustainability aspect in product development process
S	DIVERSITY / GENDER EQUALITY	Continue to increase the % of women in management positions at each of the three management levels	Achievement in 2023 <ul style="list-style-type: none">% of women at all management levels remained above 50% Commitments for 2024 <ul style="list-style-type: none">To keep the % of women at all management levels on the same level or improve it
	SAFETY AT WORK	Increase the safety performance and achieve LTIR Target below 0.35	Achievement in 2023 <ul style="list-style-type: none">LTI Rate of 0.28 achieved Commitment for 2024. <ul style="list-style-type: none">LTI rate < 0.35 in 2024
G	RESPONSIBLE PROCUREMENT	Build and start the roll-out of our responsible procurement approach in 2023 as a basis from which to establish more precise targets	Achievements in 2023: <ul style="list-style-type: none">Further implementation of 'Responsible Procurement' as a strategic approach with > 700 of our prioritized suppliers assessed by EcoVadis platformPublishing of STADA Business Partner Code of Conduct Commitments for 2024 <ul style="list-style-type: none">Further implementation of 'Responsible Procurement' processes
	ESG STRATEGY DEFINITION AND DATA REPORTING	Harmonize and improve global ESG data tracking of all relevant parameters	Achievements in 2023 <ul style="list-style-type: none">Second global Sustainability Report 2022 published in 2023 (audited by PwC with limited assurance) and 11th Hemofarm's Sustainability Report 2022 published in 2023. (audited by EY limited assurance)Good external rating by 'Sustainalytics' (ESG Risk Rating = 18.4, December 2023) Commitments for 2024 <ul style="list-style-type: none">Issue STADA Sustainability Report 2023 and Hemofarm's Sustainability Report 2023Continue to implement ESG projects/actions and improve external ESG ratingsImplement CSRD requirements and build the capacities for future CSRD reporting

NOTES: Commitments are made compared to current status of reference areas and topics presented in the Second Global STADA Sustainability Report 2023 as well as STADA's Annual Report 2023, and the tenth Hemofarm's Sustainability Report 2022, and would be used as referent comparisons to the development of internal ESG programs (more details available in STADA's and Hemofarm's Sustainability Reports for 2022 and 2023).



Similar to previous years, Hemofarm is expecting to have positive ESG impacts and performances of own operations and supply chain activities. However, it is essential to regularly monitor the company's ESG performances, as well as external factors and regulatory changes that may impact its long-term sustainability.

In 2023, STADA updated its Sustainability Policy 2.0, setting the new targets to support the achievement of SDGs, and a link to the Group's business strategy. After the SEC defined ESG KPIs in order to follow future improvements, the second global STADA Sustainability Report was published as the point of departure

on the STADA's sustainability journey and a benchmark to integrate sustainability aspects more systematically into its business processes. This report was followed by the eleventh edition of Hemofarm's Sustainability Report, and Hemofarm's ten-year-long experience and all previous editions of sustainability report, in accordance with GRI guidelines, served as a model for establishing the concept of reporting at the level of entire STADA Group. ESG performances of Hemofarm, other affiliates and the entire Group will be monitored globally, with a very important role of Hemofarm, as a pioneer of sustainability both regionally and within the Group, in the process. Some of the key ESG perfor-

mances that have already been monitored at Group level shown in the table on the left page.

In 2024, Hemofarm will revise its ESG performances and commit to further improvements by including additional potential topics (i.e., access to medicines, rare diseases, etc.) and associated ESG aspects within its new double materiality assessment. Therefore, the company plans to invite a wider number of external stakeholders, within different categories, defined within its stakeholder mapping, to the following cycle of stakeholder dialogue in 2024.

Hemofarm's Contribution to SDGs

SECTION

2



UN SDG 3

GOOD HEALTH AND WELL-BEING





VELJKO PEŠIĆ
Senior Director of Marketing & Sales

BRINUĆI O ZDRAVLJU LJUDI, PORED USREDSREĐIVANJA NA SVOJ OPSEŽAN PORTFOLIO KVALITETNIH LEKOVA, HEMOFARM STAVLJA FOKUS I NA PREVENCIJU I PODSTICANJE ZDRAVOG NAČINA ŽIVOTA. VOĐENI SMO IDEJOM DA JE SVAKA OSOBA MENADŽER SOPSTVENOG ZDRAVLJA, A DA JE NAŠ ZADATAK DA BUDEMO POUZDAN PARTNER, KOJI KVALITETNE FARMACEUTSKE PROIZVODE ČINI DOSTUPNIM.

Hemofarm's business and social activity is focused on the mission caring for people's health as a trusted partner.

It is precisely the reason why the SDG number 3, which is committed to good health and well-being, is the most important goal for Hemofarm. Accordingly, education of both general and professional public, as well as promotion of healthy lifestyles, are a priority in the Hemofarm's operations. By supporting local communities and healthcare system of both Serbia and the region, Hemofarm strives to achieve a positive impact on society, simultaneously contributing to the health of an individual and the entire society. The way how it is achieved is reflected in the following topics²⁵:

- 01 Portfolio development
- 02 Access to medicines
- 03 Transparency and ethical marketing

²⁵ Portfolio development and Access to medicines are also the topic elaborated within the SDG 9 chapter of this section.

FACTS

PHARMACOTHERAPEUTIC GROUPS THAT HEMOFARM COVERS:

- Antineoplastic and immunomodulatory agents
- Digestive tract and metabolism
- Cardiovascular system
- Nervous system
- Blood and blood-forming organs
- Respiratory system
- Anti-infectives for systemic use
- Musculoskeletal system
- Genital-urinary system
- Systemic hormonal preparations
- Dermatology
- Sensory organs
- VMS

HEMOFARM'S PORTFOLIO IN TOTAL SALES:

59%
Generics

30%
CHC

11%
Specialties / Biosimilars

TOTAL NUMBER OF PRODUCTS:
Rich portfolio includes as many

451 INDIVIDUAL STOCK KEEPING UNITS

that cover numerous therapeutic areas.

% OF WHO MODEL LISTS OF ESSENTIAL MEDICINES: 26

STADA's products, within which Hemofarm's portfolio has a significant share, covering

22%

of the medicines in the WHO list or 122 out of 544 medicines in the list.27



Portfolio Development

Hemofarm is focused on the production of high-quality, effective, safe, and affordable pharmaceutical products which support the health care and promote healthy lifestyles.

A wide range of products that the company continuously improves, providing modern and reliable solutions, plays the key role in this. By its products, Hemofarm aims to cover various therapeutic areas, offering them at competitive prices. The focus is on fast launching of generic medicines following the patent expiration, with continuous optimization of the product portfolio to adequately respond to the volatile demand of the dynamic market and the actual needs of consumers and healthcare systems. Hemofarm's rich portfolio includes generics and consumer healthcare products, as well as pharmaceutical specialties through STADA Group's operations.28

A wide range of products that the coWhen it comes to Gx portfolio, Hemofarm continued the trend of development also in 2023, entering the area od oncology treatment with 4 new medicines, by which the availability of the treatment for a large number

of oncology patients was increased. Bortezomib and lenalidomide are the medicines indicated for treatment of multiple myeloma. Multiple myeloma is a rare disease and accounts for 1% of all malignancies. This disease is characterized by excessive production of abnormal plasma cells in the bone marrow, leading to tumour formation in the bones and bone damage. The symptoms of multiple myeloma can include bone pain, weakness, anaemia, frequent infections, and kidney damage. Multiple myeloma is incurable, but there are therapeutic options, including the drugs bortezomib and lenalidomide, which can control symptoms, slow the progression of the disease, and improve patients' quality of life.

Sunitinib is a tyrosine kinase inhibitor, which means it works by blocking the activity of this enzyme, which is involved in the growth and development of cancer cells. Sunitinib is used in the treatment of several types of malignancies: metastatic renal cell carcinoma, gastrointestinal stromal tumour, and pancreatic neuroendocrine tumour.

In 2023, Hemofarm successfully launched also bevacizumab, an oncology medicine which is a part of STADA's

growing biosimilars portfolio. Bevacizumab is an inhibitor of vascular endothelial growth factor (VEGF), which means that it blocks the formation of new blood vessels in the tumour and thus slows the growth and spread of cancer cells. This can help control disease and improve symptoms in patients with various types of cancer: colorectal cancer, breast cancer, kidney cancer, ovarian cancer, fallopian tube cancer, cervical cancer and non-small cell lung cancer.

Also, in 2023, the focus was maintained on expanding the portfolio in the field of modern antimicrobial therapy. In Hemofarm, the collaboration with the company Roche, which resulted in the launch of the innovative antiviral medicine baloxavir marboxil on the Serbian market, is particularly noteworthy. It is an antiviral medicine that successfully stops the spread of the flu virus in the body and helps shorten recovery time. Just one dose of this medicine is sufficient to improve the condition of the body of a person who has the flu virus. It is important and necessary for the patient to react quickly and start treatment within 48 hours of the onset of symptoms. Without prescribed therapy, flu symptoms can last even up to a week. Patients 12 years of age and older can feel much better after two days if they take one dose of this medicine. It helps reduce the chances of getting the flu by 87% after exposure to the flu virus.

In 2023, Hemofarm's antimicrobial portfolio was enriched with another antiviral medicine- aciclovir, as well as cefixime - a broad-spectrum antibiotic.

The company is proud that year after year it continues to support the treatment of patients suffering from rare diseases, so in 2023 it enriched its portfolio of medicines for the treatment of pulmonary arterial hypertension with one more medicine - ambrisentan.

Despite the extremely dynamic CHC products market and intensive activities of all companies, Hemofarm managed to achieve growth and keep its leadership position in 2023. The dominant activities of the CHC team in 2023 included the optimization of the portfolio, media campaigns of strategic brands, activation of 'sleeping beauty' products

INITIATIVE:

Hemofarm's 'Moustache Men' – Health calls on you and tells you to check yourself up!

Campaign for raising awareness about the importance of men's health and prevention.

Although every month should be the month of preventive medical checkups, men grow moustaches across the planet precisely in November with the aim of raising awareness about the importance of men's health, fight against prostate and testicular cancer, and preservation of men's mental health. This is how the global movement Movember came about, that was supported by Hemofarm's employees also during 2023. Men can pay irregular medical checkups dearly, and the charge can cost them life. This especially refers to the men in their 40s and 50s, because these are the years when changes begin: the body begins to lose muscle mass, it is more prone to gaining weight, which increases the risk of heart disease and high blood pressure, as well as the risk of prostate enlargement and erectile dysfunction.The main educational campaign participants loudly stated that preventive medical checkups and healthy lifestyle are of great importance in the health protection. They pointed out that people should be encouraged to change harmful lifestyle habits and spoke up over the course of the year about health problems that affect the male population.The Hemofarm's 'Moustache men' campaign won the Digital Cup award for the best digital PR campaign in 2023, within the second Social Media Summit held in Sarajevo, Bosnia and Herzegovina. This award is presented to companies and brands for the top-quality digital campaigns that inspire and go beyond the boundaries of the ordinary. Hemofarm's 'Moustache Men' campaign also won a bronze award in the category of public relations at the 'No Limit BiH Advertising Festival'.

and active work on the introduction of the new Hemofarm brand in the vitamin and mineral category.

The leading brand of CHC portfolio, Probiotic, marked the 20th anniversary and in the jubilee year, it retained the top position in the category of probiotic products, notwithstanding the tough competition, with a 29.7% share in value terms. The media campaign PROvereni Probiotici (PROven probiotics) '20 Years of Trust', as well as the organization of professional conferences for doctors and pharmacists have confirmed the significance and leadership position of this brand in one of the largest CHC market segments.

The strength of Hemofarm's portfolio was also presented this year through the 'awakening' of Rinasek brand, in the largest category of the CHC market - cough and cold. In 2023, this brand

had its first media campaign „Moja prehlada. Moj lek. Rinasek“ ('My cold. My medicine. Rinasek.') Through combined marketing and sales activities, a strategically set media campaign and continuous professional work with pharmacists and doctors, in 2023 Rinasek achieved significant growth of 84.9% in value terms, in a market that recorded an 18% growth.

Successful participation in congresses and symposia in 2023, with the aim of developing general professional knowledge, was further enhanced by hosting the world-class experts at events organized by Hemofarm - in the form of a lecture by Prof. Patrick Tounian on the breakthroughs in the field of paediatrics at Europediatrics 2023. Thus, according to the local professionals, the scientific level of professional gatherings in the country and the region has been raised.

26 Excluding medicines distributed in markets of European countries.
27 Including least-developed countries (LDCs), low-income countries (LICs), low-middle income countries (LMICs) and upper-middle income countries.
28 More details on three main segments of Hemofarm's portfolio are available in Section 1 of this report.



Access to Medicines

GREATER ACCESS TO HIGH-QUALITY, EFFECTIVE, AND AFFORDABLE MEDICINES IS CERTAINLY ONE OF THE MAIN GOALS OF HEMOFARM AS A MANUFACTURER OF PHARMACEUTICAL PRODUCTS.

The company's goal is to provide access to key generic medicines for everyone, at all ages, and accordingly, prevent the disease onset and/or help the relief of already existing ailments. Access to quality, effective, and affordable medicines often requires innovative solutions, such as developing new delivery methods or solving logistical challenges across the supply chain.

As a generic drug manufacturer, Hemofarm strives, together with STADA Group, to provide the easiest possible access to medicines in various ways. Affordable prices are one of the key ways in which Hemofarm contributes significantly to the healthcare system.²⁹ By initiating partnerships

with governmental and non-governmental organizations, as well as other healthcare institutions, Hemofarm additionally works on increasing the access to pharmaceutical products. These partnerships accelerate and facilitate the implementation of adequate health care systems, especially in such regions in which the access to medicines is at a level lower than required for the necessary prevention and therapy in accordance with the actual needs of the population.

Ensuring timely and reliable supply of medicines in all markets in which Hemofarm operates, especially

²⁹ Generic medicines typically cost a fraction of their patented counterparts, enabling a wider segment of the population to access treatments important for their health, without reducing the quality or efficacy of pharmaceutical products.

INITIATIVE:

BACK TO SCHOOL – parent-child communication culture panel session

The changes and challenges occurring in the period of returning to school, both for children and for parents, were discussed at the panel session 'Back to school – parent-child communication culture' organized by Culture & People Team for Hemofarm's employees. Vladimir Borovnica, psychologist and psychotherapist at CBC Dragiša Mišović, was a panellist, who talked with the employees about how children can become self-reliant and how important it is for them, how to properly praise children for their efforts and achievements, what influence do the media and environment have, as well as how important the influence and experience of parents are in raising a child.

in remote and rural areas, is of critical importance both for the company and the entire healthcare system. That is why Hemofarm invests in improving its logistics and supply chain year-in year-out to ensure that finished products reach patients (directly or indirectly via its affiliates or partners in the supply chain) in a timely and efficient manner. By operating manufacturing plants in or near underserved areas, Hemofarm can reduce costs and delivery lead times. Local production also helps to legally bypass import restrictions or tariffs that may otherwise limit access to medicines.

Hemofarm continues investing in the research and development of additional generic alternatives for essential drugs. By widening its portfolio of generic drugs, Hemofarm strives to help increase accessibility to different types of medical treatments. It also invests in educating the healthcare professionals and general public about efficacy and safety of medicines, contributing thereby to better understanding of prevention and therapy, and especially influences raising the awareness of the proper and responsible use of pharmaceutical products.

Transparency and Ethical Marketing

FOR THE PURPOSE OF THE CARE FOR BOTH THE EXTERNAL AND INTERNAL COMMUNITY, HEMOFARM FOSTERS AND BUILDS ITS BUSINESS STRICTLY IN COMPLIANCE WITH HIGH STANDARDS OF ETHICAL, RESPONSIBLE AND COMPLIANT BEHAVIOUR, WITHOUT TOLERATING ANY FORM OF BRIBERY AND CORRUPTION. SUCH PRACTICE IS APPLICABLE AT ALL LEVELS OF BUSINESS, AND IS IMPLEMENTED THROUGH INTERNAL AND EXTERNAL PROCESSES AND COOPERATION.



Pharmaceutical marketing is a highly ethical category for Hemofarm and each piece of product-related information, apart from being in compliance with regulatory requirements, has also been checked, confirmed and supported by corresponding scientific sources. With that in mind, compliance with applicable regulations is only the first step for Hemofarm; the company goes further by fostering accessibility, transparency and ethical conduct while ensuring in parallel that information about its pharmaceutical products is

accurate, valid and ethically obtained. In this way, Hemofarm and STADA Group have secured the position of a trusted and preferred-choice partner in prevention and treatment for their consumers.

In line with legal requirements, Hemofarm communicates the therapeutic benefits, indications, and proper administration of pharmaceutical products (in respect of their specific category, being either Gx or OTC product) through an ongoing dialogue with all stakeholders, particularly doctors

STADA HEALTH REPORT 2023

HEMOFARM'S ESG INITIATIVES

STADA Health Report 2023³⁰

MOST COMPREHENSIVE STUDY OF ITS KIND
WITHIN THE INDUSTRY

With 32,000 respondents from 16 countries, the STADA Health Report 2023 has become one of the most extensive health studies in Europe.

STADA grupa organizovala je ispitivanje STADA Group organized a public opinion survey for the European population regarding health habits and attitudes towards health. This time as well, the survey included more than 32 thousand respondents, aged between 18 and 99, including Serbia among the 16 countries. STADA Health Report has become a reliable barometer of mood of the European population, providing a clear contribution to health education and a better insight into health-related habits and needs of the wider population. The Health Report 2023, has covered topics such as mental

health, eating habits and importance of prevention. The focus was also on digital trends in health, as well as attitude towards authorities. Compared with the data outside Serbia, it is evident that the citizens of Serbia are seriously playing with their health - neglecting preventive examinations. In spite of the fact that 66% of respondents in Serbia point out that prevention is important and that 'it is better to prevent than cure', at the same time as much as 62% of them declare that they have never undergone any of the available preventive examinations, which puts Serbia in first place in terms of personal irresponsibility when it comes to health. As much as 79% of Europeans rank cancer among the three diseases they fear the most, but they do surprisingly little to detect cancer in time. Despite the high rate of

cases and death from the aforementioned disease, only 26% of respondents in Serbia check their breast health. Diet and the use of supplements are affected by inflation, and every second European is very worried about inflation, so they reduce the costs for products important for maintaining health. In Serbia, 20% of citizens reduced expenses for fresh food and 26% of them reduced the costs for supplements. Nevertheless, Serbian citizens are not concerned about shortage of medicines, and satisfaction with the healthcare system is also increasing, from 31% in the previous year to 34% this year. The good news is that mental health is improving across Europe, and Serbia is recording a jump of as much as 22% compared to 2022, and 80% of Serbian citizens are leaders in good mental health.

³⁰ The results from STADA Health Report 2023, relevant for the Serbian market, are available at: Hemofarm - Vesti - Štadin Zdravstveni izveštaj 2023: Evropljani malo brinu o očuvanju zdravlja / <https://www.hemofarm.com/srb>

and pharmacists. The responsibility lies also in fostering the public to report any, even the slightest, possible suspected adverse reactions to drugs. Hemofarm proactively offers information on proper use of medicines from relevant and approved clinical studies, together with tips on preventive care and developing healthy lifestyle (i.e., by way of the STADA Group Health Report, #HealthStories, etc.) at its corporate website. In addition to the compliance with legal requirements, relevant information is also checked internally by Legal Affairs and Compliance Division to protect interests of all parties involved, from professionals to patients.

Hemofarm's Marketing and Sales guidelines aligned with the Global STADA Group's guidelines, which were updated in 2022 and fully implemented during 2023, serve as the framework for marketing of pharmaceuticals in line with international laws and regulations³¹. The purpose of such internal guidelines is to ensure that marketing and sales practices, which are directed to patients, are based on a legal and ethical foundation and that the interaction with healthcare professionals is appropriate and in line with the applicable laws and regulations. Furthermore, the integrity of the entire company is thereby safeguarded. Integrity, as one of the company's core values, is crucial for gaining trust in the company, since patients should entrust their health precisely to products of a pharmaceutical company such as Hemofarm.

Hemofarm supports transparency of interactions with the healthcare community in line with the stated Code of Conduct to prevent any unethical and illegal conduct. Hemofarm reports on all value transfers made to healthcare professionals, healthcare organizations and patient organizations on a yearly basis that are within the scope of the Code of Conduct and in strict compliance with data protection regulation. STADA Group and Hemofarm thereby strive to constantly work on the improvement of transparency in communication, starting from inside-out. Agility, open-mindedness, reliability, and willingness to listen and understand each stakeholder are the main imperatives in the company's communication in all aspects of operations, and Corporate Affairs and Communications Division, equally observing both internal and external need for information, provides quality, validated and accurate information in a timely manner because it is one of the key pillars of healthcare.



Firstly, the company's intranet is updated on a daily basis with current information relevant for all employees, who can now subscribe to topics based on personal preferences and receive news tailored to their interests. The Intranet was also enhanced by launching a special 'One STADA' app for employees, as a kind of communication platform, which in an agile and high-quality way not only informs employees about all current topics, but also significantly raises the level of interaction of all stakeholders. In addition, four issues of the employees' newsletter

'One STADA News' were published in twelve different languages, including, inter alia, the local Serbian language. Apart from that, several global townhalls which were broadcast live on the intranet with simultaneous translations into local languages to enhance and ensure transparency, were held in 2023. There were also many in-house events both at the global and local level, in Serbia and the region, that involved and informed employees about important activities. Meetings with the Chief Executive Officer and company's management are just some of them.

INITIATIVE:

Hemofarm Foundation and support to mental health of employees

Within 'Together we can do it all' project, while brining to life the purpose of caring for people's health as a trusted partner, during May 2023, Hemofarm Foundation organized a series of meet-ups with professionals and psychologists, providing the psycho-social support to employees, who, together with the rest of the nation, were in a state of chock after the tragic events in the elementary school Vladislav Ribnikar, and the villages Malo Orašje and Dubona. The psychological safety that relies on empathy and communication with the goal of overcoming the crisis in which we found ourselves together was the topic of the organized on-line talks with employees. In that period, Hemofarm Foundation opened the Unbreakable SOS line also for everyone who needed the support and talking to professionals, and not only for the persons fighting depression and stigma, for whom the SOS line was opened originally. In the period from 3 May to 3 June, the SOS line recorded an increased number of calls by the persons who felt fear, anxiety, helplessness, loss of security and control over life.

For the purpose of the preventive healthcare education, Hemofarm uses its digital communication platforms - corporate website,³² micro websites for individual products, and social networks - to help patients and consumers make informed choices regarding their health management and protection. An additional form of fostering the local health system includes also supporting the media by providing relevant professional information. Hemofarm is always available to answer all queries from the external public through publicly available contacts.³³

³¹ Reflects all requirements from the Code of Conduct of 'Medicines for Europe', Association of European Pharmaceutical Companies in the area of biosimilars and generics, of which Hemofarm's parent company, STADA Group, is a member.

³² In 2023, the website design and structure were additionally refreshed, according to the global guidelines of STADA Group.
³³ Publicly available contacts include: info lines in Vršac and Belgrade: 013/803100; 011/3811200; website www.hemofarm.com, e-mail svakodobro@hemofarm.com, as well as official Hemofarm accounts on social networks LinkedIn, Instagram, Facebook, Twitter, YouTube, TikTok

UN SDG 8

DECENT WORK AND ECONOMIC GROWTH





**IRINA
SKITYAEVA**

Senior Director of Human Resources

MOTIVACIJA ZAPOSLENIH I RAZLIČITOST SU MEĐU GLAVNIM POKRETAČIMA RAZVOJA HEMOFARMA. STVARANJE FER I POZITIVNOG RADNOG OKRUŽENJA OD SUŠTINSKE JE VAŽNOSTI ZA OSEĆAJ CENJENOSTI I ISPUNJENOSTI KOD ZAPOSLENIH.

The Sustainable Development Goal 8 is committed to promoting sustained and inclusive economic growth, full and productive employment, which is based on decent work.

In order to support meeting this SDG, Hemofarm strives to offer fair and supportive working conditions to its employees, which in addition to employee satisfaction, further contributes to achieving sustainable economic growth. Modern society and a dynamic market environment require agile adaptation to all challenges, and primarily caring for people's health. This is why Hemofarm encourages its employees to act as entrepreneurs³⁴, inviting them to be innovative and creative in their work. The way in which Hemofarm supports SDG 8, is reflected in the following topics:

- 01 Fair Working Conditions**
- 02 Employee Engagement and Retention**
- 03 Employee Development**
- 04 Diversity, Inclusion & Gender Equality**
- 05 Occupational Health and Safety**

³⁴ In accordance with the corporate value of the same name – Entrepreneurship.

Fair Working Conditions

Employees are the most valuable resource for Hemofarm, which is confirmed by the attitude towards them, nowadays representing an increasingly important parameter for evaluating success, equally as positive financial statements, and an attractive product portfolio.

Hemofarm team³⁵ consisted of 3,454 employees (13,185 in 2022) in 2023, which is an increase of 8.44% compared to the previous year. The number of women in the company has continued increasing and they still represent a majority of Hemofarm employees. Their share now accounts for 55.24% out of the total headcount (55.42% in 2022), and they also represent majority in the company management. Throughout the year, there were 148 women on maternity leave (161 in 2022), and all the female colleagues kept the same position after their maternity leave or were promoted to a new position. Hemofarm with its HR Division, which received a new and modernized name – Culture&People,³⁶ pays special attention to providing equal opportunities to everyone³⁷. Therefore, the number of tested candidates, as well as the number of those who applied for an open position, grows year after year, and the pool of potential staff is becoming more and more extensive. At the same time, the company is increasingly intensifying its presence at specialized employment fairs, as well as the promotion of open positions on social networks - exactly where young people are, trying to further improve employer branding, thus providing an opportunity to potential staff to recognize the values that are familiar to them, which they would like to see in their working environment. Gender equality is one of the essential principles in the company approach to all business segments. In line with that, the values promoted by SDG 5, which advo-

GENDER STRUCTURE	F	M	Total
Hemofarm a. d.	1,908	1,546	3,454
Total (%)	55.24	44.76	100
QUALIFICATION STRUCTURE	Total	Total (%)	
PhD	8	0,23	
University degree	1,246	36.07	
Two-year post-secondary school degree	201	5.82	
Secondary school degree	1,970	57.04	
Unqualified	29	0.84	
AGE STRUCTURE	Total	Total (%)	
18-19	25	0.72	
20-24	176	5.10	
25-29	519	15.03	
30-34	484	14.01	
35-39	480	13.90	
40-44	477	13.81	
45-49	545	15,78	
50-54	400	11.58	
55-59	241	6.98	
60-64	107	3.10	
65 ^{>}	0	0	

cates for gender equality, are already a largely inseparable part of Hemofarm's strategy and business practices. Apart from the fact that women represent the majority in the company, Hemofarm proudly points out that women and men are equally paid for the same jobs they perform, and that professional success is not measured by gender, but by expertise, humanity and demonstrated results. The company is trying also to familiarize its partners with such attitude to employees, wanting to help them to be better themselves as employers. Thus, Hemofarm strives to convey the affirmative values to the own chain of suppliers, thus making a positive footprint on society i contributing to the motivation of employees in general. Also, in addition to offering equal working conditions and benefits to all employees, regardless of their employment status in Hemofarm, the company also provides

salaries above the national average. The lowest gross salary in Serbia in December 2023 amounted to RSD 52,023.97, while in the same period the lowest contracted salary in Hemofarm was RSD 68,723.33. The work of C&P team in 2023 was also characterized by further automation and digitalization of processes through the global project – HERO. In terms of electronic learning (e-learning), the 'GoFluent' Language Learning Platform was further promoted, encouraging employees to use the opportunity to learn a foreign language as they wish. On the World Mental Health Day, 10 October 2023, the 'Kyan' app was presented to employees, offering the possibility to improve the wellbeing of employees, through caring for their mental and physical health. The app is available to all employees in the local language, and the use thereof is based on the principle of anonymity and confidentiality.

³⁵ The headcount in entire Hemofarm Group is 4,086, whereof 3,454 are employed with Hemofarm a.d.
³⁶ The new name of the HR Division testifies to the fact that all its activities are focused on the development of corporate culture and the development of people, which is one of the latest trends in the approach to the improvement of working practices in the world. This division will hereinafter be referred to as C&P.
³⁷ A contribution to the reduction of inequality in society is given in this way (SDG 10)

Employee Engagement and Retention

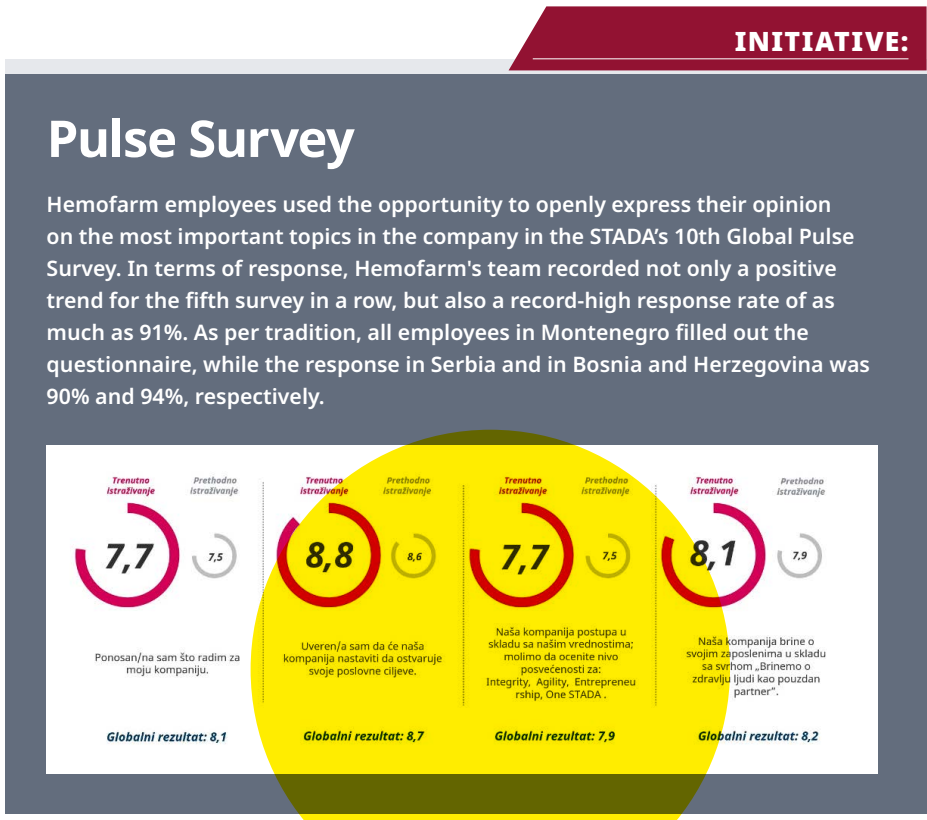
With an attractive working environment, Hemofarm aims to attract and retain the best employees. To this end, the company offers its workforce a wide range of social and monetary benefits.

As a result of its efforts and the conditions it provides to employees in Serbia, Bosnia and Herzegovina and Montenegro, Hemofarm confirmed its position as 'Top Employer' also in 2023 through the recognition awarded by the Top Employers Institute. This certification indicates to Hemofarm's commitment to better working conditions, with the provision of excellent policies and practices in the field of development and management of human resources (C&P). Recertification for the 'Top Employer' 2024 status has been planned.

Employee engagement is the driver of the company's growth. That is why Hemofarm and STADA regularly conduct internal surveys that allow employees to provide feedback and see the status in their teams and the company. The results of the 10th Global STADA Pulse Survey, as the latest conducted survey in 2023, showed once again the continuously strong commitment of all employees to the company with a high score of 8 (7.8)/10. This figure not only shows their willingness to continue working, but is also very representative, because once again more than 90% of all STADA group employees participated in the survey. This time too, Hemofarm employees used the opportunity to openly express their opinion on the most important topics in the company and thus provide valuable feedback to STADA's Executive Committee (SEC) and Hemofarm's Senior Management Team (SMT). A positive trend was also seen in the fact that in the 10th consecutive survey, there were 886 more comments than in the previous one (a total of 7,586 qualitative comments).

Ever since 2011, Hemofarm's employees who undergo training for mentoring, coaching, leadership and participate in improvement initiatives, have been trained at various levels of Lean & Six Sigma Black and Green Belt training. The trainings are conceived in such a way to improve the skills in project management and application of Lean Six Sigma principles in order to increase performance and reduce the costs and losses in the processes. The application of LSS tools is the foundation of continuous improvements of all business processes. In 2023, 14 employees underwent Green Belt training, while two of them were successfully certified (ASQ GB). Most of the participants of these trainings were employees from production and quality management and Manufacturing Expertise and Technology (MS&T) in accordance with the needs of specific job positions in these divisions of the company.

In 2023, the focus was placed on RCPS, Root Cause Problem Solving (60 participants). Apart from the three-day long training for root cause analysis, the material was designed for half-day trainings for the needs of TPM and MRP2 projects. These trainings are carried out by local operational excellence leaders in accordance with the timelines and requirements of the projects they should support. The training for getting introduced to the Lean Game principles for 32 employees continued. These trainings were carried out by internal experts. Owing to internal resources, the trainings for 34 trainees on the use of project management tools – MS Project Professional & MS Project Server, were completed.



Employee Development

BY INVESTING IN EMPLOYEES AND THEIR DEVELOPMENT, HEMOFARM SHOWS ALSO IN PRACTICE THAT IT CARRIES AN EPITHET OF THE BEST EMPLOYER FOR QUITE A GOOD REASON, THUS SINGLING OUT ON BOTH LOCAL AND GLOBAL MARKET.

The company is guided by the expectation that investing in education and talent development will consistently result in further improvement of general and specific business performance.

The ultimate objective is to meet and exceed the company's needs for qualified junior staff and at the same time to create an opportunity to fill as many managerial and professional positions as possible within its own team. To this end, Hemofarm uses internal promotion and targeted development programs. The individual training of employees is defined and coordinated by the respective departments on a needs-oriented basis and in accordance with individual development targets. This includes not only offers to improve professional competence, but also leadership, methodological and social competence as well as foreign language support. Within this framework, development discussions between employees and their supervisors form the basis for individual development plans. Each employee has access to HERO digital platform for learning. The available educational material is constantly being improved, both in the domain of specific expert knowledge and interpersonal skills, in various formats - via webinars, online books, audio books, e-books, podcasts, etc. Hemofarm's team shows a high level of awareness and appreciation for projects as a tool to transform the company from the existing one to the desired state, thus building a certain and stable future. In 2023, special focus was placed on increasing project management capabilities in production and quality. PMO³⁸ has a role in project management, and thus in integrating the concept of sustainability into the way projects are planned, organized, executed and managed. Therefore, the regular employee training plan in 2023 was related to project management, with a wide

range of training both for projects that need to deliver a new process or new value, and for those that concern continuous improvements within the company. All educations were implemented according to plan. Employees acquire key skills and knowledge needed for successful project management, which directly supports the company's sustainable development goals. Training according to the PMI methodology (35 hours of training) was held for 11 colleagues, while Hemofarm has a total of 14 PMP certified experts in this field since 2019. In 2023, one of the focuses in employee development was placed on strengthening in-house resources in order to enable internal exchange and knowledge transfer. Over the course of 2023, internally certified trainers, from C&P team, conducted 20 trainings, covering more than 5 different topics, such as Change Management, Self-management in Stressful Situations, Effective Communications, New Leaders Onboarding Processes, Psychological Security. In employee development, the company also relies on 32 certified internal coaches, who can maximize the potential of employees and enable them to get even more engaged in the company. Over the course of 2023, based on the data of the colleagues from Quality Assurance (QA), as much as 99.5% of employees successfully passed the training and the corresponding test in the area of Good Manufacturing Practice (GMP), which is the foundation for assuring the constant quality of our products. Furthermore, monitoring and evaluation of our employees training status are carried out on a regular basis by which we additionally secure the efficient implementation of our business processes and fulfil our mission to deliver a safe product, of constant quality to our consumers, while meeting the requirements which refer to the safety of employees involved in the business processes. When it comes to expertise, 870 employees had the opportunity to

learn about European and global trends in the pharmaceutical industry, depending on the requirements of the workplace (780 in 2022). In addition, more than 757 persons participated in soft skills educations (373 in 2022). The growth trend compared to 2022 can be explained by initiation and implementation of new initiatives (such as mentoring), as well as by continuation of activities in the domain of the development of leaders at various levels. Particular importance and success of development programs comes from the fact that increase in engagement of internal resources as a choice for sharing knowledge was recorded at all levels of training implementation. Hemofarm's commitment to employee development is also confirmed by the fact that almost one million euros were invested in different educational activities, which is almost two thirds more than in the previous year (EUR 340,633 at Hemofarm A.D. level in 2022). Compared to the previous year, somewhat smaller number of employees, 375 of them, were sent to professional education abroad, in tune with focusing on internal expert trainings at a local level (478 in 2022). It is also important to point out that Hemofarm with its C&P team approaches the development of leadership skills systematically, which is confirmed by leadership programs at various levels: *First time leader program* (30 participants), with guest lecturers from business, pilot program for experienced leaders – *Senior leadership program* (15 participants), with exceptional feedback of the participants in both programs. A unique project in Serbia, which promotes *Female mentorship* aimed at supporting women in their career development and promoting Hemofarm as the employer that fosters equality for all, was implemented over the course of 2023. Fifteen mentorship couples participated in the program, in which the lady-leaders from the organization empowered internal and external lady-mentees.

³⁸ Project Management Office.



HEMOFARM's ESG INITIATIVES

#InspiredByHer

MARCH 8 STORIES OF FEMALE COLLEAGUES FROM HEMOFARM FOR ALL WOMEN AND GIRLS CONTINUED ALSO IN 2023

The #InspiredByHer campaign takes us through the stories and shows examples of women from Hemofarm, indicating why it is important to rely on your own uniqueness when building your personal career and how to use it as your advantage.

The Inspired by Her campaign was launched exactly on 8 March 2022, and continued also in 2023 as a series of stories on social networks with the aim of reminding why it is important to say out loud what the colleagues can learn from each other and what is it that inspires and drives the entire team on ex-

ample of our female colleagues who have left a special mark in their work environment. Considering the message and value it carries, the campaign left a strong impression on both the internal and external public and encouraged many colleagues to share the message of gratitude and an opinion about how a close female colleague inspires and motivates them.

The special edition of this campaign shows the stories intended for women and girls about how female colleagues within Hemofarm built their professional success and

what helped them along the way. They aim to remind that the uniqueness of everyone is what defines us, and that the fight for equality is what we should strive for not only on International Women's Day, but every day. Female colleagues from Bosnia and Herzegovina went a step further and created a video in which 22 of them shared the message that it doesn't matter what day of the year it is, but that every day is Women's Day, and this video was received with overwhelming positivity both within Hemofarm's team, and outside the company, empowering all women region-wide.



Diversity, Inclusion & Gender Equality

HEMOFARM SEEKS TO DEVELOP A STRONG TEAM THAT OFFERS THE SAME CHANCES TO EVERYONE, REGARDLESS OF GENDER, AGE, ORIGIN, PERSONAL AFFINITIES, ETC., STRIVING TO PROVIDE AN ENVIRONMENT WHERE THE KEY TO SUCCESS IS BASED ON THE RESULTS OF PROFESSIONAL WORK AND COLLEGIAL RELATIONSHIPS WITHIN THE TEAM.³⁹

As part of the international STADA Group, which operates in over 50 countries around the world, cultural diversity is an important part of Hemofarm. In STADA Group, and thus in Hemofarm, diversity is considered a unique quality, and the strength of the company lies in the authenticity and uniqueness of everyone. In this respect, uniqueness is reflected through personality, experience, gender, ethnicity, sexual identity and more. The company encourages every employee to use their creativity and uniqueness through authentic ideas and initiatives and be the change driver in a company that fosters Growth Mindset.

With regard to equal opportunities for women and men, a balanced representation of both genders when filling positions is extremely important. Of course, when it comes to filling management positions, the professional and personal qualifications of the candidates, rather than any other characteristics, are always at the forefront.

Headcount Trend	2021	2022	2023
WOMEN	1,595	1,765	1,908
MEN	1,336	1,420	1,546
TOTAL	2,931	3,185	3,454

Share of women at management positions⁴⁰ in Hemofarm in 2023 accounted for approximately 66% (by around 1.5% more than in 2022). The promotion of diversity was underpinned by the STADA Group campaign in 2021 under the motto 'Unique Starts with U' (#UniqueStartsWithU)⁴¹, which was supported locally also in 2023.⁴²

³⁹ 25% of the STI scheme is dedicated to company values, of which 6.25% are achievements presented through One STADA value and contribution to cross-divisional cooperation and building team spirit.
⁴⁰ All employees with at least 1 direct report are considered managers; lower management = at least 1 direct report; middle management = at least 1 direct report who also has at least 1 direct report; top management= SMT; overall management = sum of lower, middle and top management.
⁴¹ Video available at STADA's YouTube channel: <https://www.youtube.com/watch?v=mbSVRZWl4vM>
⁴² Various aspects of the uniqueness of individuals: gender, language, sexual orientation, etc. were presented within the campaign.

INITIATIVE:

Unique and Important Mentoring program for women



The Unique and Important program was designed and implemented to support and promote female leadership in Serbia, Bosnia and Herzegovina and Montenegro. Over the course of a year, fifteen great female leaders from Hemofarm and STADA GIS mentored fifteen selected program participants and shared with them their experiences, advice, contacts and other resources to support their career progress and development path to the positions of future leaders and drivers of positive changes in their organizations and communities.

The main partner of the project was the agency Talks and Folks, whose specialty is organizing and implementing mentoring programs. The vision of the Talks and Folks agency is to create a unique experience of personal growth and professional development, which is actually the thread that connected Hemofarm and the guiding idea of this program. Together, they created a working environment in which the participants of the program strengthened the mentoring alliance and approached the mentoring work in a structured, well-designed and tailor-made way.

Occupational Health and Safety

HEALTH, SAFETY, AND ENVIRONMENT (HSE) IS A RELIABLE SYSTEM THROUGH WHICH THE COMPANY CAN PROTECT AND IMPROVE SOCIETY AND THE ENVIRONMENT, STARTING WITH ITS EMPLOYEES.

New knowledge, experiences, and theoretical concepts from these areas confirmed their true purpose and significance in preserving business and health vitality also in 2023, through the performance of daily operational activities, as well as numerous investment projects.

HSE is also at the STADA Group level one of priority topics at all sites where the Group operates, and Hemofarm, as a responsible company and a stable partner,⁴³ endeavours to point out not only to its employees but also to its suppliers, that safe and healthy working environment represents one of the pillars of survival of economy, society and the environment. Therefore, the standards implemented by Hemofarm and the existing practice in the area of occupational health and safety exceed the binding legal regulations. The company's efforts to establish safe and healthy working conditions are guided by the Occupational Health and Safety Management System and Environmental Protection, as well as by the implementation of the requirements of the Business Social Compliance Initiative (BSCI) ⁴⁴. The company ensures the safety of employees, business partners, suppliers, resources and the environment through a video surveillance system, its own physical and technical security service⁴⁵, fire alarms⁴⁶ and its own professional fire department.⁴⁷

Prevention is the key word for occupational health and safety in Hemofarm. Accordingly, a

number of synchronized and related activities, based on cutting-edge technologies, knowledge and keeping up with trends, are focused primarily on education and prevention of any kind of unsafe behaviour or situation. During 2023, 8,277 trainings in the field of occupational health and safety, environmental protection, fire protection, accident prevention and compliance were conducted (8,970 in 2022), and all employees passed the general knowledge test from the above areas.⁴⁸ The number of trainings in this segment is less than in 2022 by only 7.7%. Additional trainings that were conducted are the trainings related to working with active pharmaceutical ingredients that were not previously used in production, and protection measures when handling these substances. Specific training for the use of personal protective means, primarily for the protection of respiratory organs, was also carried out. In its plants in Vršac, Šabac, and Dubovac, Hemofarm has provided certification for the integrated environmental protection management system (ISO 14001) and the occupational health and safety management system (ISO 45001), with numerous benefits, such as: better efficacy and lower number of injuries at work; full commitment to protection of employees, property and plants; full compliance with the law and improved credibility, with the attitude towards partners based on safety and protection of personnel, customers and suppliers; improved risk management system, with cost saving potential owing to emergency situations response capacity.

HEMOFARM A.D.	2021	2022	2023
Number of occupational injuries	4	5	5
In relation to headcount (%)	0.17	0.18	0.14



The Info Scoreboards showing the number of occupational injuries at a particular site in the current year, number of days without injury and the date of the last injury⁴⁹ are one of the best channels for raising the awareness of the employees and of all visitors of Hemofarm on the importance of occupational safety. They are installed in the most visible and frequented positions in manufacturing complexes. Their long-term use has resulted in the improvement of preventive actions and becoming aware of the importance of reporting each situation or event which can be unsafe (*'near miss'*⁵⁰).

Hemofarm Safety Committee⁵¹ plays an important role in defining and implementing a number of activities for each workplace to be safe and secure, and as the best link between the management and employees, it also participates in the investigation of possible incidents and giving proposals and suggestions for system improvement. Activities of the Committee are complemented by HSE groups, established for each production and business site, whose members are employees from all organisational units, whereby all the employees are actively

involved in HSE prevention. The colleagues who are members of HSE groups are 'HSE ambassadors' of a kind and they play a role of additional educators in Hemofarm. Inspections and tests of work and personal protection equipment, electrical installations, and environmental working conditions as well as safety management of chemicals, which is regulated by in-house procedures and legal regulations, were carried out within preventive actions in the course of 2023.⁵² Education of all employees is one of the most important preventive actions in Hemofarm, because it enables them to identify possible hazards and apply protective actions against them. Focusing on prevention, the company conveys the OSH values it believes in and applies in its business also to its suppliers. As a part of regular HSE audits, the solvency of business partners, the fulfilment of legal working conditions, as well as the degree of compliance with occupational safety and health measures are determined. That's why every supplier, before commencing cooperation, submits certificates of paid tax, declarations of respect for human rights and employee rights, then evidence that workers are registered, along with filling out the Qualification and BSCI questionnaire⁵³.

⁴³ The company has been awarded several times for safety and health at work on the occasion of the World and National Occupational Safety and Health Day, which is marked on 28 April

⁴⁴ The highest rating for compliance with the requirements of the Business Social Compliance Initiative (BSCI) was confirmed

⁴⁵ Each member of this service undergoes mandatory training for respect for human rights, with continuous retraining and knowledge checks.

⁴⁶ All premises in Hemofarm have fire signalling, detecting and extinguishing systems, fire flaps, panic lighting, etc.

⁴⁷ The fire brigade unit is available to both Hemofarm and Vršac municipality and surrounding villages in emergency situations.

⁴⁸ Employees participated in regular evacuation drills in case of emergency situations in the plants in Vršac and Šabac, in accordance with the company's internal procedures. Also, professional training for providing first aid (basic and advanced training) continued, as well as professional training for safe handling of forklifts and other means of internal transport, professional training for working with pressure vessels, working at altitudes, as well as working in substations.

⁴⁹ In Hemofarm, adequate horizontal and vertical signage has been installed, along with the designated paths of pedestrian and vehicle movement, as well as a speedometer for movement control.

⁵⁰ Events or situations that did not lead to injury/damage, but could have caused it. Employees are encouraged to report any unsafe event or situation to prevent injury or damage.

⁵¹ In accordance with legal regulations and the Individual Collective Bargaining Agreement on occupational health and safety.

⁵² The intranet contains a database of chemicals with instructions for safe handling and behaviour in potentially hazardous situations, available to all users.

⁵³ These questionnaires were filled out by all new suppliers who were potential business partners of Hemofarm in 2023. In addition, in accordance with specific needs, potential contractors are required to submit certificates of training for safe and healthy work, medical certificates, insurance policies, expert findings, reports, procedures, regulations...

Only after the questionnaires have been positively evaluated, the binding Annex on occupational safety and health, environmental protection and fire protection is signed. Preferred suppliers are also assessed from the aspect or ESG performances through EcoVadis platform. During 2023, a lot of contractors were present at Hemofarm every day, and their safety and health protection were in the first place - in the central factory complex in Vršac and Dubovac, there were 183 legal entities (127 in 2022) which performed some kind of work with about 7,624 employees (7,324 in 2022), as well as in the Šabac complex, 156 of them (64 in 2022) with around 1,682 employees (1,545 in 2022). Ever since 2013, when the contractor management process was established in Hemofarm, and thanks to the efforts of employees, many contractors have accepted this practice in order to improve their activities in the field of HSE and started to apply it internally, thus raising the level of safety in their companies to a higher level.

The biggest reward for all the effort invested, as well as confirmation that complex procedures are necessary, is the fact that there were no injuries at work to any of the contractor's workers in 2023. Four occupational injuries of service providers were reported (cleaning ladies who maintain the business premises). All injuries were characterized as minor. HSE process performance indicators are displayed at 200,000 working hours and the average number of working days per month (18.5), and the results obtained are comparable to other sites in STADA Group.

According to the above table, a significant development of employees' awareness of the essential importance of preventive action of everyone within the company is clearly visible:

- **the total number of injuries in 2023** in Hemofarm (Vršac, Šabac and Dubovac) was five, of which two severe bodily injuries (5 in 2022); which is at the same level as in 2022, in spite of the increase in the headcount;
- **the total number of reported near miss events** is 1,993 (1,612 in 2022), whereby the number of registered unsafe events was increased by 23.17% compared to 2022 – which is not a consequence of less safety in Hemofarm, but rather a higher level of

employee awareness, thanks to education on this important topic, which is a crucial aspect of prevention.

The number of lost working days due to occupational injuries in 2023 is 304 (122 in 2022), which is 40% more lost days compared to the previous year. In addition to the presented process performance indicators in order to raise awareness of the importance of safe and healthy working conditions, as well as the participation of all employees, the HSE walk throughs of each site with the participation of management were introduced as a regular activity. The number of such walk throughs in 2023 was 480 (448 in 2022), which is an increase of 6.7% compared to 2022. This indicator best reflects the attitude of management towards its employees and shows that taking care of health and safety of employees at the workplace is one of the company's priorities.

In Hemofarm, a HSE event management process has been established, which includes transparent notification and reporting of these events, research into the causes of HSE events, as well as sharing lessons, i.e. learning from HSE events. HSE events are those events that can threaten the health and safety of people and/or have a negative impact on the environment. The objectives of HSE event management are:

- **Timely reaction and mitigation of consequences**, i.e. management of HSE events;
- **Preventive action**, that is, the implementation of measures that will prevent the repetition of similar events
- **Improvement of HSE** management system
- **Learning and sharing lessons** from previous events among employees and colleagues from HSE teams at different sites.

Caring for the health of its employees, in addition to direct investments⁵⁴, the company offers a number of additional benefits: insurance against the consequences of an accident (24/7, both at work and outside of work, including the occurrence of disability or loss of life), a voluntary pension fund,⁵⁵ voluntary health insurance (provided to all employees, covering the costs of

	2021		2022		2023	
HEADCOUNT						
Full-time employees	2,929	Contractors: 181	2,931	Contractors: 191	3,453	Contractors: 339
Part-time employees	0		0		0	
ACCIDENTS/NEAR MISS						
Number of accidents resulting in a fatality or major injury (amputation) at work during the observed period (accidents while commuting to and from work are excluded)	0	0	0	0	0	0
Total number of injuries at work with lost time (accidents while commuting to and from work are excluded)	4	0	5	0	5	4
Total number of accidents without lost time (minor injuries remedied by providing first aid and emergency service - employees continue to work after a medical intervention)	3	0	4	0	5	
Total no. of near miss reports (including near miss, unsafe situation, unsafe event, or unsafe behaviour)	1,509	0	1,612	0	1,993	2
Total number of lost working days resulting from injuries at work (lost working days due to accidents while commuting to and from work are excluded)	330	0	122	0	304	36
Total number of HSE walk throughs with participation of management	433	0	448	0	480	
PROCESS PERFORMANCE INDICATORS KPI						
OSHA Lost Time Case Rate	0.15		0.20		0.16	
Near Miss Rate (NMR)	58.0		64.6		65.0	
HSE Management Walk Through Rate (WTR)	16.6		18.0		15.6	

medicines, specialist examinations, treatment, operations, etc.), as well as the Solidarity Assistance (financing the work of sports sections and recreation of employees; assistance due to illness and sick leave longer than 6 months; assistance to an employee for the birth and adoption of a child, assistance to single parents, assistance to an employee in the event of the death of a close family member...). In Hemofarm, as part of the Solidarity Assistance, the well-known Section of

Voluntary Blood Donors has been functioning for years, within which more than 500 donors are active at all times. In addition, the Autonomous Trade Union has funds for organizing recreation, sports sections and sports gatherings of employees, providing assistance in crisis situations, as well as for the continuous maintenance and improvement of workers' rights in general.

INITIATIVE:

Hemofarm - winner of the prestigious ‘Top Employer’ certificate in Serbia, B&H and Montenegro for the second consecutive year

Owing to continuously investing in professional growth and development, as well as caring for satisfaction, wellbeing and health of employees, Hemofarm has been recognized as the employer whose work environment meets the highest standards and has accordingly been recertified as the *Top Employer 2023* in Serbia, Bosnia and Herzegovina and Montenegro. This recognition is awarded by the international *Top Employers Institute* that has also recognized the STADA affiliates in Bulgaria and Germany as the top employers. Due to such good results, STADA Group was declared the Top Employer Europe. The *Top Employer* certification has acknowledged Hemofarm's commitment to a better labour world, as it implements innovative human resources policies and practices, as well as numerous benefits that it provides for employees' development. Accreditation procedure in the 'Top Employer' category encompasses numerous analyses and checks of the compliance of processes, procedures, practices, as well as the specific, performed activities in the human resources area with the strict criteria, i.e. standards in the area of human resources strategy, work environment, employees' development, career management, learning, sustainable development, and many others.

⁵⁴ They include: periodical medical examinations for certain jobs, regular sanitary and ophthalmological examinations, cooperation with occupational medicine, training for providing first aid, examination of working environment conditions, work equipment and personal protection equipment, etc.
⁵⁵ The company pays RSD 2,000 on a monthly basis to employees who have been employed for more than three years continuously, and who pay at least RSD 1.000 from their own funds into this fund.

UN SDG 9

INDUSTRY, INNOVATION & INFRASTRUCTURE



PORED ŠIROKOG SPEKTRA GENERIČKIH LEKOVA I LEKOVA KOJI SE IZDAJU BEZ RECEPTA, PRUŽAJUĆI PACIJENTIMA ŠIROK PRISTUP KVALITETNIM OPCIJAMA PREVENCIJE I LEČENJA, HEMOFARM I STADA SVE VIŠE RADE SA PARTNERIMA NA RAZVOJU I SNABDEVANJU FARMACEUTSKIH SPECIJALITETA SA DODATOM VREDNOŠĆU ZA SPECIFIČNA HRONIČNA ZDRAVSTVENA STANJA, STANJA KOJA MENJAJU KVALITET ŽIVOTA I RETKA ZDRAVSTVENA STANJA.

The Sustainable Development Goal 9 promotes building of resilient infrastructure, implementation of inclusive and sustainable industrialization and fostering innovation.

One of the main aspects of supporting SDG 9 aligns with Hemofarm’s core business—the production of affordable, effective, quality drugs. This requires an agile response to market needs, centred on supporting public healthcare systems. To that end, Hemofarm constantly improves its product portfolio and production infrastructure with the joint efforts of its employees, stakeholders, and local communities. The following material topics show how Hemofarm supports SDG 9 in practice:

- 01 Product quality and safety
- 02 Portfolio development
- 03 Access to medicines
- 04 Responsible procurement

Product Quality and Safety

AS THE LEADING GENERIC PHARMACEUTICAL COMPANY IN SERBIA AND REGION-WIDE AND MAJOR EXPORTER OF MEDICINES IN SERBIA, HEMOFARM HAS BEEN PROVIDING RELIABLE MEDICINES FOR AN EXCEPTIONALLY WIDE RANGE OF DISEASES IN THE LOCAL AND LARGE NUMBER OF EUROPEAN AND OTHER MARKETS ACROSS THE WORLD FOR MANY YEARS (63 YEARS ALREADY).

On that account, Hemofarm as a pharmaceutical and healthcare company, responsibly maintains and improves within all its manufacturing sites the activities that are necessary for maximum safety if its products, and thereby the safety of patients.

Organizational function Quality, which was founded within Hemofarm as an important function, continuously implements new improvements at the manufacturing sites in Vršac, Dubovac, Šabac, Banja Luka and Podgorica, and controls the activities at all manufacturing sites, with the centralized quality function of Hemofarm. The processes relevant for ensuring the compliance with the ‘GxP’ requirements, specifically ‘Good Manufacturing Practice’, ‘Good Laboratory Practice’, as well as ‘Good Distribution Practice’ and other good practices, were established within the centralized quality function.

In order to ensure quality, safety and efficacy of medicinal products, Hemofarm’s products are subject to strict requirements for quality, safety and efficacy of products across the production chain, starting from clinical studies and production to pharmaceutical risk assessment. Internationally applicable ‘Good Practices’ requirements, as a regulatory framework, have been adopted in both Serbia, and all EU countries, and they are therefore particularly important for the company.

GOOD CLINICAL PRACTICE

To ensure maximum product safety and quality, Hemofarm complies with legal requirements and guidelines in its development activities. In addition, for the planning and execution of clinical trials, the company follows so-called Good Clinical Practice (GCP), an international ethical and scientific standard for the planning, conduct, documentation and reporting of clinical trials in humans. Compliance with this standard ensures that the rights, safety and well-being of trial subjects are in accordance

with the Declaration of Helsinki. It also ensures the credibility of data collected during clinical trials. Contract research organizations for conducting clinical trials in Germany and internationally are qualified by STADA Group, with Hemofarm as its member, and are regularly audited in order to ensure GCP compliance during the conduct of a study. Also, all clinical trials are monitored at trial sites so that any deviations from the GCP standard can be recognized at an early stage and corrected if necessary. With regard to testing policy, Hemofarm is committed to conducting no animal testing, unless such testing is stipulated by law, required by regulatory bodies, or does not have any adequate alternative. Except for one exception for a product in China in 2022, STADA did not conduct any animal testing studies or initiate such studies through third parties in 2021 and 2022.

GOOD MANUFACTURING PRACTICE

Hemofarm has implemented and follows the current Good Manufacturing Practice (GMP) guidelines at its manufacturing sites which are subject to GMP certification. Good Manufacturing Practice (GMP) ensures the quality which enables products to be consistently manufactured and controlled in accordance with quality standards appropriate for their intended use and the requirements of the marketing authorization or their specifications. It means that GMP refers to both production and quality control. EU GMP constitutes the quality requirements for all manufacturing, testing and approval processes for drugs, active pharmaceutical ingredients and cosmetics that apply within the EU. Within the scope of GMP audit programs, compliance with GMP quality standards is regularly audited at both Hemofarm’s production facilities and at service providers, suppliers and contract manufacturers.

During 2023, a total of about 75 days were committed to inspections of Hemofarm within as many as 30 conducted inspections, specifically by:

National Agency for Medicines and Medical Devices of Romania - NAMMD (EU GMP), Eurasian Economic Union - EAEU, Gulf Cooperation Council - GCC, Libyan Health Authorities, Institute for Medicines and Medical Devices of Montenegro (CInMED), Medicines Agency of Bosnia and Herzegovina (ALBiH) and Ministry of Health of the Republic of Serbia. We have recognized the improvement opportunities within Internal STADA audits and the audit by the contractual partner Galenika. The recertification for ISO 9001, ISO 14001 and ISO 45001 standards, as well as the recertification for EU CE mark for medical device (EN ISO 13485, EU Directive 93/42/EEC) were conducted by ISO certification bodies.

All audits and inspections were completed successfully, without critical or recurring major non-conformities, which indicates that Hemofarm’s quality system was built on very strong foundations, and has been continuously maintained and improved.

Numerous activities and engagement in global improvement projects were continued:

- **LIMS** (Laboratory Information Management System) – The system rollout to production site in Šabac was successfully implemented. LIMS is used by three laboratories in total within Hemofarm, which enables a better connection and improved availability of information and results. The rollout to the fourth site – manufacturing site in Podgorica, is planned already in the mid-2024.
- **eQMS** (*Electronic Quality Management System*) – Feedback and user needs were carefully listened to, which were translated into system improvements, preparation of system reports, formatting of training materials for end users, with continuous holding of interactive trainings. The Change Control procedure and method of reporting on the status of initiated requests were improved. Transparency and availability of information facilitated the planning and implementation of daily activities in all organizational units.
- **LeanLab** – Lean principles have been established in all laboratories and they are in the phase of monitoring, which is the most challenging sustain phase. Regular checks and a system for collecting and monitoring the implementation of employees’ ideas have been established. Monitoring and increasing

the performance of laboratories is one of the indicators of the success of this project. Workshops and activities to improve the automation of data processing are continued in 2024, with the aim of improving the efficiency, transparency and flexibility of the process and freeing up capacities.

- **New revision of Annex 1** to the GMP became official with the implementation deadline - August 2023, except for the requirement which relates to Iyo loading/unloading, for which the implementation deadline has been extended to August 2024. One of the important new requirements refers to the Contamination Control Strategy (CCS), which was implemented and documented for each of the six sterile departments and central dispensing at Vršac/ Dubovac site.
- One of the regulatory requirements is a change in the method of filter testing and implementation of Pre-Use Post **Sterilisation Integrity Testing** (PUPSIT); two lines were adapted, and two lines are planned to be adapted in 2024.
- The activities were completed and **Risk Analyses** were issued (for prevention of cross contamination for all production departments within the Cluster, including the activities of central dispensing, sampling, and packaging - Cross Contamination Risk Assessment (CCRA)). Based on the conclusions of these analyses, there are no high and medium risks of cross-contamination. There are only potentially low risks which do not require additional actions. Nevertheless, certain actions were specified aimed at improving the particular procedures, and as an additional preventive action, this topic was introduced in the annual GMP training which is mandatory for everyone.
- **Market demand** – Considering that the patient demands have expanded from medicinal products to food and dietary supplements due to virus pandemics and stressful environment, during 2023, Hemofarm developed and prepared the launch of ‘One, Two, Three – supplements for a healthy day rhythm’ line, in cooperation with an external production service provider. Quality function employees were involved in entire project to a large extent to help this line of supplements provide patients with safety under the auspices of Hemofarm’s quality standards.

- Annex 11 GMP** – The project for assessment of the compliance with the guidelines for computerized systems within Quality was launched. Detailed analysis was done and the recommendations for improvements and advancements were provided.
- **A task group for assessing the risk** of the presence of nitrosamine impurities in Hemofarm's products followed the amendments to the guidelines and continued the activities aimed at defining the actions for reducing the identified risks.
 - The procedure of **periodical assessment of the compliance** of all sites with the current GMP guidelines and defining and monitoring the actions and projects for elimination of nonconformities and decreasing the risk within the Global Site Quality Risk Assessment (SQRA) process was established. During 2023, all SEE Cluster sites significantly improved the compliance with the guidelines as well as the quality of processes and products, thereby decreasing the risks and achieving the low-risk zone according to the predefined map (Heat Map).
 - **A large number of methods for testing new products was introduced** in the laboratories of Hemofarm.
 - New products and technologies were transferred (site to site transfers as well as transfers from Hemofarm's development) in which Quality played significant role.

The workshops were initiated within the Cluster, as well as within STADA Group Quality for exchanging knowledge, information and experience. Active participation at the workshops for deviation investigation (Deviation Network Call), investigation of out-of-specification results in laboratories (OOX Workshop), using Root Cause Problem Solving tools, recognizing and proactively solving human errors and Data Integrity, is also noteworthy. Two trainings in the area of stability testing and software requirements (Global Stability Studies Best Practice trainings) were held. The quality key performance indicators were also significantly improved, and ambitions targets for the follow-

ing year were set. In the continuous improvement program, the number of implemented ideas has doubled, which practically made work easier, and decreased the existing and avoided potential additional costs. The best ideas were announced and presented to all Quality employees in December.

GOOD PHARMACOVIGILANCE PRACTICES^{56 57}

Respecting the needs of product consumers and their satisfaction, coupled with a proactive attitude towards complaints are some of the most important aspects of the care for health. Pharmaceutical manufacturers and marketing authorization holders, together with the entire public healthcare system, are obliged to continuously monitor, detect, analyse, understand, and prevent adverse drugs reactions and effects. This important segment of work of the healthcare system and the pharmaceutical industry is regulated by pharmacovigilance. It operates globally, all around the world, in order to share all relevant findings and important information in a timely manner in order to prevent the adverse effects of drugs on patients. Pharmacovigilance in Hemofarm analyses the reports of adverse drug reactions that may come directly from healthcare professionals, doctors and pharmacists, regulatory bodies, patients, consumers, professional journals, the media, and company employees. An Adverse Drug Reaction (ADR) in pharmacovigilance is defined as an unintended or undesired harmful reaction occurring at doses normally used by a patient for the diagnosis, treatment, or prevention of a disease. Simply put, these are unexpected medical issues that occur due to medication use. ADRs are key concerns in pharmacovigilance, the science and activities related to the detection, assessment, understanding, and prevention of adverse effects or any other possible drug-related problems. Unintended reactions could be minor like a rash, or more severe like organ failure, and in extreme cases can even lead to death. They can occur immediately after administration, or they can take time to develop. Identifying ADRs, and working to reduce their occurrence is a crucial part of pharmacovigilance. This includes post-marketing surveillance where the safety of drugs is monitored in large numbers of patients in the 'real-world' setting post approval, in addition to regulated clinical

trials carried out before the drug's approval. This also involves communicating the risk associated with medicines to healthcare professionals and the public, as well as implementing strategies to minimize any potential risk.

All Hemofarm employees are adequately trained, in accordance with the operating procedures, to receive reports of adverse reactions. The report can be sent through personal contact with any of the above instances, via the e-form available on the corporate website, through social networks and official accounts of the company, via email svakodobro@hemofarm.com, and all available telephone numbers. In addition, representatives of the Marketing and Sales Division are additionally available for all reports of adverse reactions, as they are the most active in communication with doctors and pharmacists.

Pharmacovigilance for Hemofarm has a much broader significance and context than the home country in which the company operates, as the major part of the product range is exported. Therefore, in case of identifying an adverse drug reaction,

Hemofarm AD proceeds in accordance with the local regulations of the country in which the drug is marketed and standard operating procedures for assessing the safety profile of registered products. In case of recognizing a potential risk, the company initiates evaluation of all available data in relation to the safe use of the medicinal product and takes adequate measures - forwarding letters to healthcare professionals, recalling a batch of the drug from the market, changing patient information leaflets, education through professional publications for healthcare professionals and patients, etc.

During 2023, 149 reports / cases of adverse drug reactions (ADR) (109 in 2022) were received from healthcare professionals and patients from all markets in which Hemofarm AD or a local partner is the marketing authorization holder. Of these, 31 cases were classified as 'severe', and 118 cases as 'not so severe'.⁵⁸ In 2023, 1 complaint with adverse reaction elements was reported.

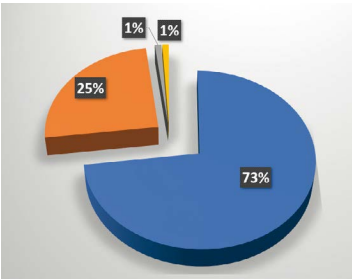
Most of the reports in 2023 were sent by physicians, followed by pharmacists, medicinal product users/patients, and other healthcare professionals:

OVERVIEW OF THE NUMBER OF ADR REPORTS BY REPORTING PARTY AND ADR SEVERITY

Reported by	Number of ADR reports	Severe ADRs	Non-severe ADRs
PHYSICIANS	92	19	73
PHARMACISTS	41	9	32
PATIENTS	12	2	10
HEALTHCARE PROF.	4	1	3
TOTAL	149	31	118

In ADR by gender, female gender predominated (102 women versus 42 men, there is no data on gender for 5 cases). Most reports came from Serbia (73%), which is also the largest local market of Hemofarm A.D:

SHARE OF REPORTED ADR CASES BY SEE MARKETS FOR 2023



In total (Serbia 109, Montenegro 38, Bosnia and Herzegovina 1, Kosovo 1, Macedonia/Albania 0)

Expressed in percentage (Serbia – 73%, Montenegro – 25%, Montenegro – 1%, XK – 1%, Macedonia/Albania –0%)

All stakeholders (including professionals – doctors and pharmacists, business partners in the supply chain, employees as well as end users of products) both in Hemofarm, and the entire STADA Group, are encouraged to report any suspicion of an adverse drug reaction.

⁵⁶ Pharmaceutical manufacturers and MA holders, together with the entire healthcare system, are obliged to continuously monitor, detect, analyse, understand and prevent adverse drug reactions and effects. This is globally regulated by pharmacovigilance in order to share all relevant findings in a timely manner and thereby prevent adverse drug effects.

⁵⁷ Hemofarm's departments for research and development, QA and QC, in addition to pharmacovigilance, are responsible for verification of compliance of Hemofarm products and absence of possible negative impact.

⁵⁸ When the report contains both adverse reactions and a complaint about the quality of medicinal product – Medical Affairs and Pharmacovigilance Team cooperates with Product Compliance Team / QA. In case of simultaneously reported medical question and an adverse reaction – Marketing is in charge of the medical question, and Medical Affairs and Pharmacovigilance Team is in charge of adverse reactions.

Portfolio Development⁵⁹

PHARMACEUTICAL DEVELOPMENT AS THE FOUNDATION FOR A BETTER HEALTH AND CERTAIN FUTURE

Pharmaceutical Development is an essential component in creation of the sustainable practices that provide wellbeing of both individuals and communities in the long run.

In 2023, this important function in the portfolio development kept on integrating sustainability in all aspects of business operation, from product development to corporate culture. A special emphasis was placed on responsibility to the environment, which includes the use of recycled materials where possible and minimum use of organic solvents. Process optimization strategy now also includes reduction of energy consumption and the technologies that contribute to reducing the carbon footprint, which reflects Hemofarm's holistic approach to business.

In caring for employees, the company seeks to create a stimulating environment that promotes both the professional and personal development of our employees. Additional training and skills development programs, with a particular focus on mental health and the work environment were implemented in 2023. These initiatives drive not only employee satisfaction, but also innovation within the company, which is the foundation for long-term success.

Cooperation with global partners and educational institutions was intensified in the past year. These partnerships enable Hemofarm to share knowledge and experience, but also to continuously learn from global practices that support sustainable development. By introducing innovative technologies and methodologies, the company contributes not only to the preservation of the environment, but also to the improvement of the quality of pharmaceutical products. Within the development of new pharmaceuticals categorized as OTC products, and dietary supplements, primarily with regard to their packaging components, Hemofarm is guided by the '5R' principles of waste



management: 'refuse, reduce, reuse, repurpose & recycle' i.e. the company eliminates unnecessary packaging material, reduces the use of harmful packaging material, defines packaging that can be reused, suggests that the used packaging material be used for other purposes, proposes the use of recycled materials.

Over the course of 2023, Hemofarm's Pharmaceutical Development expanded its capacities and strengthened expertise, with the aim of improving the health care. With seventy committed employees, the team successfully managed forty-six development projects, intended for the markets of Europe, Middle East and North Africa (MENA) and Asian-Pacific (APAC) region. These projects are focused on the development of innovative therapeutic solutions that meet the specific healthcare needs and regulatory requirements of various regions, thereby additionally confirming global orientation of Hemofarm and commitment to improving the quality of life of patients worldwide. Planning and conducting clinical studies of new medicines are carried out in accordance with

Good Clinical Practice (GCP) guidelines, international standard which ensures the protection of rights and safety of the participants in clinical trials and credibility of obtained results. The number of tests during the development of new pharmaceuticals for human use, as well as the exposure of subjects to unnecessary risks are significantly reduced owing to testing standardization.

Hemofarm's Pharmaceutical Development recorded significant achievements in the field of launching new products, whereby the company market position and the contribution to sustainable healthcare sector were additionally strengthened. The successful launch of Sugammadex injections, which represent a revolutionary solution in anaesthesia, enabling faster recovery and reduction of time spent in surgery rooms, stand out in particular. New doses of Duloxetine capsules, which are indicated for treatment of a wide range of depression conditions and anxiety disorders, offering patients a more effective and personalized therapy,

were also launched. In the segment of supplements, a newcomer in the portfolio is Lemocin ProHYDRO lozenges, designed to provide quick relief from sore throat symptoms, thereby highlighting a commitment to improving everyday health and well-being. These launches not only reflect Hemofarm's innovativeness and ability to respond to market demand, but also the company's commitment to providing high-quality solutions.

Social responsibility and investing in the community remain at the very top of the company's priorities. The last-year activities included the support to local projects which promote healthy lifestyles and education. In such a way, Hemofarm strives to enable better understanding and access to health care, while promoting uniqueness and inclusivity.

In 2023, Hemofarm continued building upon the foundations of responsible business, striving towards innovations that respect the principles of sustainable development, constantly focusing on the holistic approach which encompasses environmental, business and social dimension of the company's footprint. In a nutshell, Pharmaceutical Development in Hemofarm is more than pharmaceutical production – it rather represents the across-the-board commitment to a better future.

ACCESS TO MEDICINES⁶⁰

By developing infrastructure, through continuous investments in its production sites, distribution and value chain, Hemofarm adds to improving access to medicines in the countries it operates in either directly or via its affiliates or third parties. That is why Hemofarm continually invests in own production facilities and test laboratories within its Group. Investments in the modernization and expansion of production plants and production facilities reached € 37.8 million in 2023 (€ 30.3 million in 2022), the majority of which was invested in the new production equipment and innovative machines, further development of innovative technologies, as well as registrations and licenses. Also, at STADA Group level, a total of € 50 million was invested in the new supply chain and packaging site in the Romanian town Turda. Turda is expected to be one of the main STADA's distribution hubs, which will operate as global packaging centre, and improve access to medicines in Romania and neighbouring countries while potentially lowering the costs and pressure on supply chain.

⁶⁰ In this chapter, focus is placed on the investment in the infrastructure within Hemofarm, which will enable further improvement in access to medicines throughout the region and Europe. This important topic is also shown in the section dealing with support to the SDG 3, where fixed assets are presented in more detail.

⁵⁹ These important topics were also presented within Hemofarm's support to fulfilment of SDG 3

Responsible Procurement⁶¹

Considering that Hemofarm business operations depend on security of supply and quality of supply chain and is driven by cost-cutting efforts on the part of healthcare payers as well as price pressure in the sales markets, an efficient and flexible supplier management is essential.⁶²

The significance of Hemofarm's Purchasing Division to entire STADA Group is best illustrated by the fact that this very Division supplies 6 production sites with starting materials for the planned output which exceeds 300,000,000 packs of all forms of pharmaceutical products, which are sold on more than 40 EU and non-EU markets. In order to minimize the supply chain 'bottlenecks' and ensure security of supply, the company strives to diversify its range of suppliers – both geographically and at product level. This is why Hemofarm's responsibility is additionally based on close cooperation with suppliers, and sustainability is seen primarily in the connections with the local suppliers on the local market.

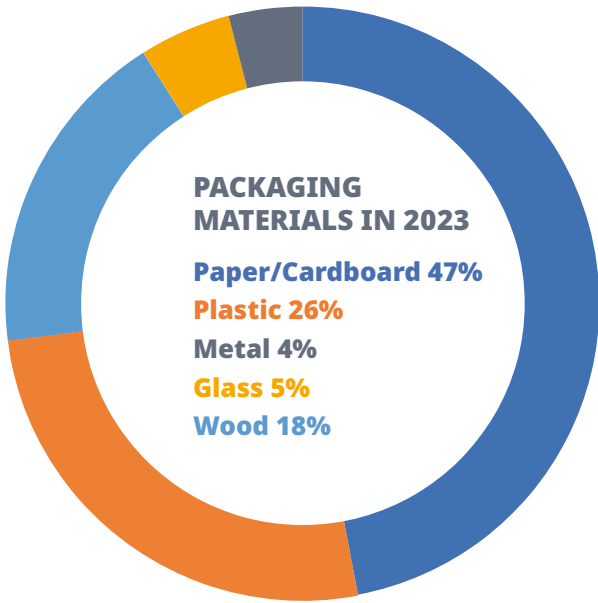
As indicated in the Good Manufacturing Practice section, Hemofarm regularly conducts Good Manufacturing Practice (GMP) audits of its suppliers within the scope of its quality management system so that it can ensure its products comply with standards, safety requirements as well as regulations. These audits are required at least every three years for batch releases, finished products, contract testing laboratories, intermediates and active ingredients. If necessary, audits are also carried out for new suppliers, in case of a suspicion in inconsistencies in quality, packaging materials, as well as for GMP service providers.

In order to ensue and improve the access to pharmaceuticals, Hemofarm continued its supply chain transformation in 2023. Transparent business relations with existing and potential suppliers represent important aspects of procurement, giving equal chances to everyone, regardless of the territory.⁶³ With regard to the types of materials, procurement at Hemofarm in 2023 included the following main categories:

Group of materials (2023)	Local market (%)	International market (%)	Total share (%)
RAW MATERIALS	5	95	47
PACKAGING	36	64	26
IN-BULK AND FP	2	98	15
SERVICES	88	12	12

When observing the procurement of raw materials including active pharmaceutical ingredients (API) and excipients (EXC), the total amount is approx. 5,500 thousand tons (6 thousand tons in 2022). Packaging materials that were the subject of procurement in 2023 include paper (cardboard) packaging in the quantity of approximately 6,300 tons, plastic packaging of approximately 3,500 tons, glass packaging of approximately 700 tons, metal packaging of around 600 tons, wooden pallets of around 2,500 tons, which totals about 19,000 tons.

Category	2021 (%)	2022 (%)	2023 (%)
RAW MATERIALS	39	31	30
GLASS PACKAGING	7	8	4
PAPER PACKAGING	21	33	33
METAL PACKAGING	4	4	3
PLASTIC PACKAGING	16	13	18
WOODEN PACKAGING	13	11	12



The share of recycled cartons in the total amount of cartons for finished products packaging accounts for 59% or 3,059 tons.⁶⁴

Hemofarm is currently working with the external sustainability assessment platform EcoVadis platform to implement the EcoVadis solution as the basis for assessing and evaluating the ESG performance of its suppliers and Contract Manufacturer Organizations (CMO) (95% of packaging material suppliers were successfully registered on EV platform). The ESG assessment is based on a self-assessment by the party being evaluated by the EcoVadis experts, based on provided documents and pre-defined sophisticated methodology. This enables the company to continuously improve the social and environmental aspects of its value chain, making ESG footprints more favourable and ESG risks lower.

Transparency is another key feature of Hemofarm's procurement, and the quality requirements in accordance with pharmaceutical standards are clearly communicated to all suppliers, with an expectation from them to offer products and services at acceptable price, meet the planned deadlines, render adequate support, service, and useful information. Responsible management of the procurement process, in addition to enabling Hemofarm to actively participate in reducing the impact on the environment, also includes the evaluation and monitoring of solvency, business efficiency and respecting of employees' rights, from the evaluation process of potential suppliers to the initiation and maintenance of cooperation.

INITIATIVES:

'Young Energy Europe - Best Energy Scouts Awards 2023'

SECOND PLACE FOR HEMOFARM'S REPRESENTATIVES

At the prestigious 'Young Energy Europe - Best Energy Scouts Awards 2023' event held in Belgrade in the organization of the German-Serbian Chamber of Commerce, a recognition and the second-place award were presented to Hemofarm's representatives, energy scout and project engineering leader Petar Ostojić and environmental expert associate Marija Marković for the presented solution for reduction of CO2 emissions and energy savings.



Since 2021, the German-Serbian Chamber of Commerce qualifies the participants in 'Young Energy Europe' program as 'Energy Scouts'. Through the trainings, the scouts are expected to recognize and use energy saving potentials in their companies, i.e. show how to optimize the resources in their companies. Considering that the most energy is lost in industrial plants, this is where the greatest effect can be achieved when applying the necessary knowledge and measures in the energy efficiency and resource optimization areas.

The program included a three-day training for obtaining the qualification of an Energy Scout, which encompassed lectures, workshops and visits to Niš-based companies that have recorded noteworthy results in the field of recycling. The goal of the training was to gain the basic and improve the existing knowledge on the topic of energy – from production and its importance for environmental protection, to efficient consumption and related technologies. At the wrap-up event, Hemofarm's representatives presented the project 'Energy Management System (EMS) Installation for Improvement, Centralization and Automation of Consumption Monitoring at Hemofarm AD'.

Start form yourself

EARMARKING FUNDS FROM PROBIOTIC SALES FOR FURNISHING PARENTAL HOMES IN B&H

Through the campaign 'Start from yourself', Hemofarm Banja Luka will allocate, until the beginning of 2024, part of the funds from the sale of probiotics for furnishing and equipping parental homes in Bosnia and Herzegovina where children suffering from malignant diseases and their parents are accommodated. Under the auspices of the associations 'Srce za decu' (Heart for Children) and 'Iskra' (Sparkle) in Bosnia and Herzegovina, with the clinical centres in Sarajevo and Banja Luka, two parental homes are available, and a third home in Tuzla is expected to become available soon. The action 'Start from yourself' is one in a series of drives conducted by Hemofarm, as the local company in B&H, which shows responsibility and commitment to the community by providing support to healthcare, economy, and society in general.

⁶¹ The company strives to offer quality products and services, while constantly supplying the market with medicines.
⁶² Number of reliable suppliers is limited, geographically located in certain areas of the world (mostly in the Far East – India and China), with complex procedures, such as procurement of psychoactive controlled substances for production of sedatives and other medicinal products subject to special procurement protocols..
⁶³ General business and purchase terms and conditions are available on STADA website, with indicated link to each purchase order: <https://www.stada.com/terms-and-conditions>
⁶⁴ The hypothetical decrease in the share of recycled cardboard packs is not the result of a real decrease in the share, but rather the changed methodology of monitoring this parameter at the STADA Group level.

UN SDG 12

RESPONSIBLE PRODUCTION & CONSUMPTION



DEJAN
IVANOVIĆ

Operation Cluster Head SEERU

NE SAMO DA KORISNICI I TRŽIŠTE SVE VIŠE OČEKUJU ODRŽIVE PROIZVODE I PAKOVANJE, VEĆ ONI NA NAJBOLJI NAČIN SVEDOČE I O TOME KAKO HEMOFARM OZBILJNO PREUZIMA SVOJU ODGOVORNOST I ESG OBAVEZE. UPRAVO ZATO KONTINUIRANO NASTOJIMO DA PORTFOLIO UČINIMO JOŠ VIŠE ODRŽIVIM I OMOGUĆIMO DODATNE POZITIVNE UTICAJE NA OKRUŽENJE I DRUŠTVO.

The Sustainable Development Goal 12 advocates for ensuring sustainable consumption and production patterns.

To achieve positive ESG impacts, Hemofarm sets its own goals and ensures compliance with regulatory requirements, while attempting to be more sustainable in its operations. Hemofarm strives to be a responsible ‘citizen’ and ‘neighbour’ in the domain of production performance in line with sustainability, and the complete lifecycle of its products. The following topics are relevant for Hemofarm in its endeavour to support SDG 12:

- 01 Resource consumption and waste
- 02 Decarbonization and climate change
- 03 Sustainable products

Resource Consumption and Waste

WATER IS ONE OF THE VITAL RESOURCES TODAY, ESPECIALLY CONSIDERING THAT MORE THAN TWO BILLION PEOPLE IN THE WORLD DO NOT HAVE ACCESS TO DRINKING WATER YET, WHILE AN EVEN GREATER NUMBER DO NOT HAVE ACCESS TO SANITARY WATER.

Hemofarm therefore takes an extremely responsible approach to the management of water consumption, which is best proven by the fact that the consumption of this vital resource increased by only 12.9%, despite a significant increase in the volume of production in terms of the number of packs. Accordingly, the fact that the growth of production exceeds the growth of water consumption and is not linearly correlated with it testifies that the parameter of water consumption growth corresponds to rationalization and the total reduction of consumption.

Energy efficiency remains one of the key imperatives for Hemofarm and a way for the company to demonstrate its responsibility and degree of sustainable development. Although the consumption of electricity increased by 4.1%, for the greatest part owing to unfavourable climate conditions, this parameter can still be considered positive, due to the fact that a higher production volume was achieved than the increase of use of this resource itself. Similarly, the consumption of natural gas increased by 2.8% compared to 2022. A significant share in the increased energy consumption in 2023 is a consequence of the extensive reconstruction of the Šabac production site.

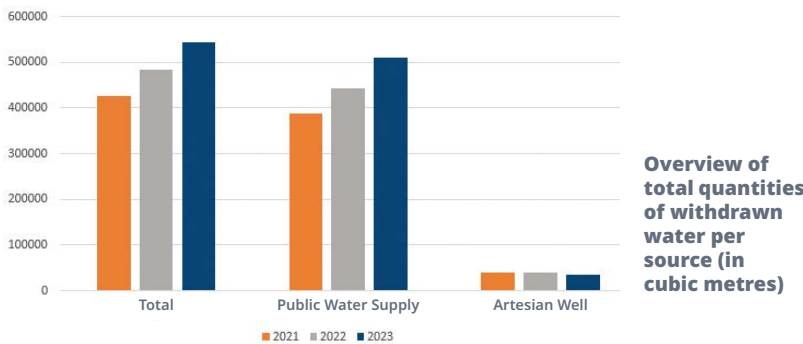
In 2023 too, Hemofarm had a responsible approach towards waste, generated as an inevitable consequence of performing its core activity. The increase in the quantity of hazardous waste exported by the company as an authorization holder for incarceration came as a consequence of the project of reducing stocks and does not reflect the waste trend, which refers to 2023 only. The level of income from sale of non-hazardous waste (secondary raw materials) in 2023 increased

by 37% compared to the income in 2022, due to the change of prices of secondary raw materials on the market.

WATER CONSUMPTION MANAGEMENT

Responsible water management is one of the most important factors of sustainability today. Hemofarm contributes to global water preservation indirectly, through highly optimised manufacturing processes. One of the future goals of the company is to approach neutrality in consumption of this resource. Owing to the significant increase in production volume and in the number of packs, the total consumption of water increased by about 12.9%.⁶⁵

For its own needs, Hemofarm uses municipal water and water from artesian wells. Municipal water is used in technological processes and for producing purified water (PW), water for injections (WFI) and clean steam. In addition, water is used for producing technical steam and hot water, as well as for the operation of the cooling system (cooling water) and for sanitary purposes. The total quantity of water withdrawn from municipal water increased by 15.3%, namely from 443,137 cubic meters in 2022 to 510,879 cubic meters in 2023.



⁶⁵ An example of responsible water management is recuperation and reuse of technical steam. The steam has no contact with products in Hemofarm, so all the condensate collected in the process of technical steam manufacturing returns to the boiler room for reuse, by which the water is continuously recuperated in the manufacturing process. In addition, the heating energy of the wastewater from steam boilers, which would otherwise be discarded as a result of processes of distillation and removal of precipitate from the steam boiler, gets reused as a source of heat for sanitary hot water in the Sterile Products Plant.

⁶⁶ The reduction of water consumption from our own wells comes as a consequence of the change in the quality and performance of such water.

The total quantity of water withdrawn from the artesian wells was reduced by 13.8%, namely from 39,668 cubic meters in 2022 to 34,174 cubic meters in 2023.⁶⁶ Hemofarm does not jeopardise any of the water withdrawal resources by its withdrawal of water.

ENERGY MANAGEMENT AND GAS EMISSION

Energy efficiency and rational management of the consumption of energy and other resources are among the key proofs of the degree of responsibility and sustainable development of Hemofarm. In addition to short-term activities, initiatives and projects, the company seeks to shift the focus to mid-term and long-term investment projects which will ensure better stability and sustainability of business operation. Some of the current examples include:

- A project of solar power plant was initiated in Vršac, with the aim to further upgrade energy efficiency. A construction of a plant for use of solar energy as a source of electricity is planned, by which the consumption of electrical energy from the public distribution network would be partly reduced. An analysis has been performed of the potential of the available surfaces for the installation of new equipment, together with Hemofarm's energy needs and possibilities. The scope has been defined as well as the location of the pilot plant, and results have been processed as part of the Conceptual Study. This initiative received the most votes at the STADA+ program workshop, which was conducted in August 2022. A new analysis of this initiative is underway aimed at finding an optimum concept and solution for implementation.
- Continuation of replacement of fluorescent tubes by LED lights – one of the most popular measures of improvement of energy efficiency since 2019; taking into account that LED lights last much longer (twice as many hours of functioning); the activities of installation of LED lights have been continued at all Hemofarm sites.

⁶⁷ The removable elements which contribute to reducing heat losses due to the radiation on the valves which operate at high temperature, recommended by IFC (International Finance Corporation), a member of the World Bank Group. The estimated decrease in heat losses on thus insulated valves total as much as 11–20%, compared to the non-insulated valves.

⁶⁸ The chiller primarily produces cooling energy, and the heat is released from the working utility in the process. Instead of being discharged into the atmosphere, through the THR module of the chiller, the heat released in such a manner ('waste heat') is used for heat supply which can reach up to 130% of the cooling capacity of the chiller.

⁶⁹ It determines the general goals in view of reuse and recycling of packaging material waste, as well as the specific goals for recycling paper/cardboard, plastic, glass, metal, and wood from packaging material waste.

⁷⁰ The materials that can be subject to recycling mainly include packs, transportation packaging material and patient information leaflets.

The successful use of the earlier implemented measures continued successfully in 2023 as well – use of 'insulation jackets'⁶⁷ on technical steam and condensate distribution systems, utilisation of 'waste heat' for heating facilities with the aid of the Total Heat Recovery⁶⁸ module and preparation of sanitary water by means of flash steam, heating facilities by using low-temperature water instead of technical steam, as well as optimisation of operation of some HVAC systems in the periods when manufacturing conditions allow that.

WASTE MANAGEMENT – CHANCE FOR POSITIVE ENVIRONMENTAL FOOTPRINT

Hemofarm is a large company, in terms of the business volume, yet it is not a large polluter because pharmaceutical production is considered a 'white-collar' industry. Besides, the manufacturing processes in the company are maximally efficient and optimised towards generating minimal amounts of waste, which is generated either in the manufacturing process itself or over the entire life cycle of a pharmaceutical product. The waste generated as part of activities of Hemofarm can be classified as:

- waste generated outside the manufacturing sites of the company; and
- industrial waste generated within the manufacturing and business facilities of the company.

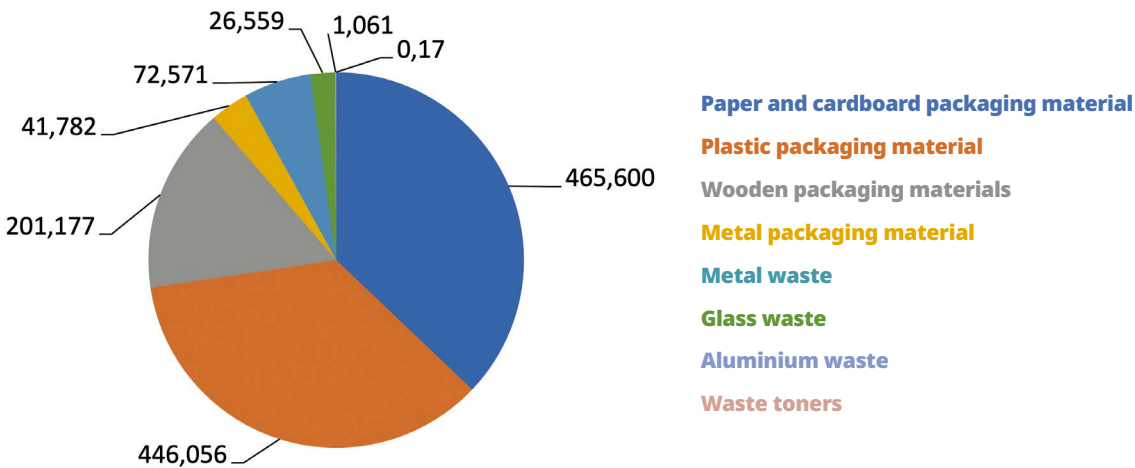
In accordance with the law, Hemofarm is not in direct contact with end users of products, and consequently it cannot collect the waste packaging materials after the expiry of the life cycle of products. Therefore, the company fulfils its obligations indirectly, in line with the national Plan for Reducing Packaging Material Waste.⁶⁹ According to the Plan, Hemofarm cooperates with authorised operators that assume the obligation to dispose of the subject packaging material in a proper manner.⁷⁰

RATIO OF INDEPENDENTLY EXPORTED AND CONSIGNED
HAZARDOUS WASTE WITHOUT USAGE VALUE (2023)



In 2023, Hemofarm generated a total of 1,680.43 tons of industrial waste (1,350.72 t in 2022), of which 392.108 tons of hazardous waste (399.52 t in 2022). Out of the total quantity of consigned hazardous waste without usage value (443.47 t), Hemofarm independently exported 321.94 tons (73%), having renewed the licence for independent export with the competent ministry. The non-hazardous waste with usage value that can be recycled (1,254.98 t) was consigned to operators for further processing.

QUANTITIES OF RECYCLABLE NON-HAZARDOUS
WASTE CONSIGNED TO OPERATORS (2023)



The increase in production volume was coupled with the increase of generating total waste in 2023, by about 24% in relation to the previous year. The increase of generated waste was not conditioned by direct effects of the manufacturing process in the current year, but rather results from the project of freeing storage capacities by disposal of written-off products.⁷¹ Taking into account all the elements of responsible waste management and performance factors, Hemofarm is still a good example of a large company and a large manufacturer whose environmental footprint is positive.

Overview of industrial waste trends in 2023 by type (hazardous/non-hazardous) and by usage value (with/without usage value) in tons	GENERATED	CONSIGNED
Total non-hazardous waste	1,288.32	1,279.34
Non-hazardous waste with usage value (consigned to authorised operators for possible recycling)	1.254,98	1.254,98
Non-hazardous waste without usage value (consigned to authorised operators for disposal)	1,254.98	1,254.98
Total hazardous waste	392.11	451.14
Hazardous waste with usage value (consigned to authorised operators for possible recycling)	7,40	7,67
Hazardous waste without usage value	384.71	443.47
Exported independently		321.94
Consigned to operators		117.88
TOTAL (hazardous and non-hazardous)	1,680.43	1,730.48

RESOURCES CONSUMPTION	2021	2022	2023	DIFFERENCE	
Electricity consumption (kWh)	49,576,066	51,380,081	53,476,586	+4.1%	Increased electricity and natural gas consumption as a consequence of significant increase in volume of production and packaging. Compared to the level of production growth, this parameter is still positive, i.e. it can be treated as efficient.
Gas consumption (m³)	6,885,593	6,685,487	6,872,007	+2.8%	
Public water supply syst. (m³)	387,053	443,137	510,879	+15.3%	The total consumption of water increased in relation to the previous year as a consequence of significant increase in volume of production and packaging. Compared to the level of production growth, this parameter is still positive, i.e. it can be treated as efficient.
Artesian wells (m³)	39,831	39,668	34,174	-13.8%	
Total water consumption (m³)	426,884	482,805	545,053	+12.9%	

⁷¹ Due to a change of pharmaceutical regulations or reported suspicion of complete compliance of certain raw materials used in some products, initiated at the European or global level.

GHG consumption (Freons) / (kg)	2021	2022	2023
FREON R404A	50.0	109.0	348.8
FREON R134A	360.0	775.2	1,050.5
FREON R507	67.8	135.,6	381.2
CONSUMPTION PER FINISHED PRODUCT PACK	0.0000017	0.0000033	0.0000051

GHG emissions (Freons) / (tCO ₂ eq)	2021	2022	2023
FREON R404A	197.1	429.8	1375.3
FREON R134A	468.0	1007.8	1365.7
FREON R507	270.2	540.4	1519.2
CONSUMPTION PER FINISHED PRODUCT PACK	0.0000032	0.0000064	0.0000123

Waste Management	generated/disposed of (t)	2021	2022	2023
HAZARDOUS		294.2 / 214.7	399.5 / 412.5	392.1/ 451.1
NONHAZARDOUS		879.9 / 879.9	951.2 / 951.2	1,288.3/ 1.279,3

NOTE: Increase of quantities of hazardous waste is a result of writing-off of materials.

Decarbonization and Climate Change

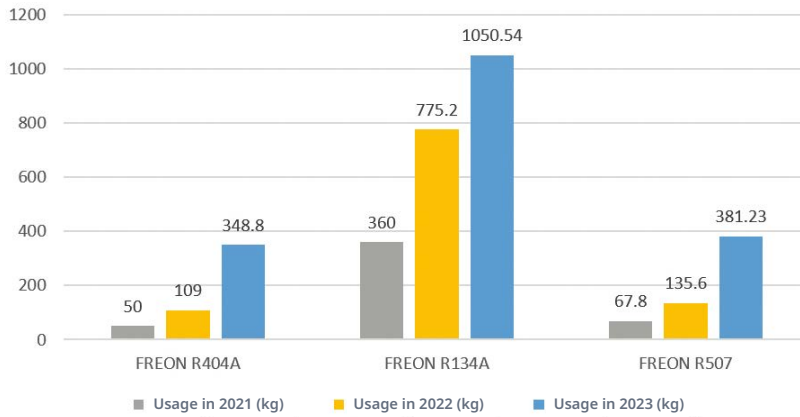
As part of our sustainability approach and the revised reference Global Policy, STADA Group, and thereby Hemofarm, pursue the goal to reduce their emissions from the group: Scope 1 & 2 GHG emissions by 42 % (2020 – 2030), in line with the Paris Agreement, while increasing the supply of electricity from renewable sources by 50% in total until 2030.

Natural gas and electricity are primary energy sources in Hemofarm. Energy in general is the critical source, and its efficient use is one of the pillars of the company carbon map. In manufacturing processes, electricity is used for operation of air compressors, chillers, and HVAC, which are the largest consumers. The production of compressed air and cooling water still makes 1/3 of the total consumption of electricity at the central manufacturing complex in Vršac. In 2023, the consumption of electricity was increased by 4.1% compared to 2022 at Vršac and Šabac sites (of which 41,593.86 kWh were consumed in Vršac, while 11,882.73 kWh were consumed in Šabac). The slight increase in consumption compared to 2022, in addition to unfavourable climatic conditions, resulted from the increase in the volume of production. As a source of energy, natural gas is predominantly consumed at the departments for chemical treatment of water – 34.6% of produced thermal energy is needed for the production of purified water, water for injections, and clean steam in Vršac. Heating of premises and other technological processes are among other large segments of natural gas consumption. The increase in gas consumption by 2.8% in 2023 was for the most part a result of the reconstruction works at Šabac plant and putting the equipment into operation. The increase would have been even greater if the temperatures had not been above average at the beginning of the year, thanks to which the Heat Recovery system could have been used to a greater extent than usual. The increase in gas consumption is noticeable in Šabac, while the consumption of gas in Vršac was at a similar level as it was in 2022 (+0.5%). In addition to the increase of production volume, higher demands for control of relative air humidity in the summer period were also observed. Similar as when observing the consumption of water and electricity, the data on energy sources

Overview of Consumption of Electricity (Vršac and Šabac Plants)	2021	2022	2023
Električna energija, kWh	49,576.07	51,380.08	53,476.59
Električna energija, GJ	178,473.84	184,968.29	192,515.71

Overview of Gas Consumption	2021	2022	2023
Gas, m³	6,885,593	6,685,487	6,872,007

OVERVIEW OF USE OF 'OZONE-FRIENDLY' REFRIGERANT IN 2023



consumption are even more significant considering the very obvious increase of production volume. Although pharmaceutical industry belongs to the industries which do not have a significantly negative environmental impact as regards the manufacturing process itself, Hemofarm places a particular accent on minimising of any potentially indirect or direct harmful footprint, including the gas emission management. In the course of 2023, a total of 1,780.57 kg of 'ozone-friendly' refrigerant were delivered to Hemofarm (1,019.80 kg in 2022) for use in cooling equipment.

Sustainable Products

CONSUMERS ARE INCREASINGLY LOOKING FOR SUSTAINABLE PRODUCTS AND PACKAGING MATERIAL, WHILE THE COMPANIES ARE EXPECTED TO REMAIN COMPETITIVE ON THE MARKET.

The purpose of pharmaceutical packaging material is to protect products and medicines and ensure that they remain safe and stable over time, to provide for transport of products and to make their use easier for the consumer. Packaging material is mandatory for all pharmaceutical products and it is defined by regulatory standards. At the same time, Hemofarm is aware that it must optimise its business operations in a way which would minimise its environmental footprint. This whole set of aspects that are reflected on the packaging material represents a challenge, but also an opportunity to create sustainable products and packaging.

In the course of 2023, Hemofarm continued to implement its packaging sustainability strategy based on 5R principle (Remove, Reuse, Refill, Recycle, Reduce). This principle was established to serve as a guideline for all the packaging activities in the company, especially for new launchings. At the manufacturing site in Vršac, three-layer cardboard pads were replaced with GRIP SHEETS, which have the same function in palletisation of finished products, with the following results:

- **Financial savings 70%**
- **90% lower volume in storage of this starting material**
- **Manufactured from recycled paper; it can be used more times and recycled**
- **80% lighter than the three-layer cardboard pad (450 g vs 90 g) etc.**

Due to all the benefits which came as a result of the replacement of cardboard pads with GRIP SHEETS, the replacement is underway also at other sites of the STADA Group SEE Cluster.

In order to reach a higher degree of sustainability, Hemofarm also introduced shorter cardboard L profiles (82 cm instead of 104 cm), by which savings in material of 21% have been achieved. The Optimization Project was launched in the end of 2022, while the assessment of savings started in 2023.



Furthermore, Hemofarm has been endeavouring to eliminate polyfluoroalkyl substances (PFAS) with the aim of maintaining responsible manufacturing and consumption. Owing to proactive cross-divisional action, the primary packaging material (Aclar foil), which contains undesirable PFAS substances, was replaced by compatible multi-layer foil without PFAS in a large number of blisters for Ezetimib and Clopidogrel. The use of Aclar foil in finished products was thus reduced by several thousand kilograms and significant financial savings were achieved.

Taking into account the aforesaid examples and improvements, Hemofarm has confirmed that it remains committed to efforts aimed at sustainable development and reduction of packaging material waste, and it is going to continue optimising its business operations in the coming years as well offering sustainable products and solutions to consumers.

HEMOFARM'S ESG INITIATIVE:

STADA EXPO

A MULTIMEDIA MOBILE PLATFORM DEDICATED TO SUSTAINABLE DEVELOPMENT



STADA EXPO is a multimedia mobile platform (exhibition) dedicated to sustainable development. It has informative and educational character, with a high level of involvement of visitors for making them more familiar with the ESG (Environmental, Social, Governance) principles and ideas to demonstrate sustainability in action.

Set up in recycled transportation shipping containers, STADA EXPO shows production processes in pharmaceutical industry through an interactive and sustainable prism, combining in an educational and innovative way, science, technology and, above all, the people behind the whole process. The purpose of the project is to introduce the visitors to a new, original ESG experience. The focus is also placed on prevention and development of a healthy lifestyle, as a prerequisite of personal sustainability. STADA EXPO platform illustrates the ways in which responsible production is performed, fair and motivating work environment is created, as well as how each individual can reduce the consumption of water, energy and save forests. During a four-month roadshow, STADA EXPO visited four countries (Serbia, Romania, Montenegro and Bosnia and Herzegovina) and seven towns (Vršac, Cluj, Turda, Timisoara, Podgorica, Šabac, Banja Luka). Three mini Family Days were organized in order to get each individual, as well as the youngest ones, better acquainted with the concept of sustainable development. More than 12,000 visitors (55% - Hemofarm's employees and their family members; 45% - general public) had an opportunity to get a virtual tour of Hemofarm's production plants looking through the VR dedicated goggles, get acquainted with pharmaceutical manufacturing process step by step through an interactive wall (by touching interactive points), see what Hemofarm has achieved so far in the field of sustainable development, as well as to learn how everyone can contribute to saving the planet Earth, which is the home of all of us. STADA EXPO is inseparable from sustainable development, and it shows, in an innovative way, the Hemofarm's commitment to leaving a positive footprint on both people and their health, and sustainable business and the environment.

STADA EXPO

IN NUMBERS:

12 MONTHS

FROM THE IDEA TO LAUNCH, 4 RECYCLED CONTAINERS, 4,5 TONS OF MULTIMEDIA EQUIPMENT

300 MEDIA REPORTS

40 MORE THAN

SQUARE METERS OF SCREENS AND EXPERIENCE ZONES

11,000 VISITORS

4 MONTHS on EU tour, 4 countries, 7 cities, 3 mini Family Days



UN SDG 17

PARTNERSHIP FOR THE GOALS



UZ NAŠU SVRHU DA BRINEMO O ZDRAVLJU LJUDI KAO POUZDAN PARTNER, DRUŠTVENA ODGOVORNOST I POSVEĆENOST JAVNOM ZDRAVLJU NALAZE SE U SRŽI ČITAVOG NAŠEG DELOVANJA, KAO OSNOVA SNAŽNE KULTURE RASTA. SHODNO TOME, NAŠE SVEOBUHvatNO KORPORATIVNO UPRAVLJANJE OSIGURAVA NE SAMO USKLAĐENOST SVIH AKTIVNOSTI SA MERODAVNIM ZAKONIMA I PROPISIMA, VEĆ SE SVE VIŠE PROŠIRUJE I NA NAŠE PARTNERE. TAKO ZAJEDNO ČINIMO DRUŠTVO I OKRUŽENJE BOLJIM MESTOM.

NIKOLA TURKAN
Senior Director of Finance (CFO)

The Sustainable Development Goal 17 stands for strengthening the means of implementation and revitalizing the global partnership for sustainable development. In order to support meeting this SDG, Hemofarm leads active dialogue with its stakeholders and initiates new ESG partnerships within its operations.

Hemofarm's corporate values, also presented in its Code of Conduct, define affirmative models of behaviour that apply to all employees in the company. Such affirmative models of behaviour are set by full respect of the UN GC 10 Principles as well as all tangible ESG aspects that could improve positive impacts of Hemofarm's operations and its employees' behaviour. In this way, Hemofarm strives not only to improve its footprint, but also to inspire others to do the same. The following material topics are mainly relevant for Hemofarm to support the SDG 17:

- 01 Governance and Ethical Business
- 02 Corporate Culture and Values
- 03 Respect for Human Rights
- 04 Data Privacy and Security
- 05 CSR and Support to Public Healthcare

Governance and Ethycal Business

Considering the facts that Hemofarm belongs to a multinational pharmaceutical group, that it performs its core activity (which is strictly regulated by required standards) in several countries, as well as that it markets its products on three continents and in dozens of markets, legal and business compliance are among the vital aspects enabling Hemofarm to be the leader in its industry.

Accordingly, as a member of the international STADA Group, Hemofarm is subject to a wide range of legal frameworks. Adherence to these requirements forms the foundation of a responsible, sustainable, and successful corporate governance – because acting contrary to the rules or even the appearance of a breach of the law can lastingly damage the reputation and market position of the company and potentially cause significant financial loss. In addition to legal requirements and further regulations, the regulatory framework in which the company operates encompasses the provisions of its Internal Control and Risk Management System, the STADA Code of Conduct and Group-wide corporate policies on specific topics derived therefrom. Operating fairly and transpar-

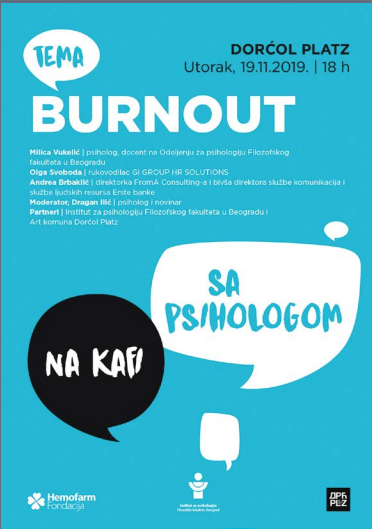


ently, in accordance with legal acts, internal compliance procedures and the provisions of the ‘Medicines for Europe’ Code of Conduct, Hemofarm has been publishing for years the information on value transfers to healthcare institutions and the professional public, and the amount of funds earmarked to that purpose for the previous year on its corporate website.

HEMOFARM'S INITIATIVE:

A Cup of Coffee with a Psychologist

‘A Cup of Coffee with a Psychologists’, conducted by Hemofarm Foundation with the support of the Institute of Psychology of the Faculty of Philosophy in Belgrade and in partnership with Art Commune Dorćol Platz, is one of the most influential projects for improvement of mental health. The project, which was the basis for launching the campaign for fighting depression and stigma ‘Unbreakable’, is implemented through the panel sessions with psychologists aimed at raising the awareness about the importance of preserving mental health, empowering people to seek professional support, thus getting the public to pay attention to the fact that mental health needs to be addressed in the same way as physical health, and that mental health disorders are not a personal weakness, but rather a health problem which can be solved in an appropriate way if professional help is sought in time. The panel sessions provide the opportunity to openly discuss mental health with experts - psychologists and psychiatrists, as well as with representatives of relevant institutions and public figures who themselves have faced some of the problems.



Hemofarm’s Code of Conduct⁷²

Hemofarm’s Code of Conduct stems from the STADA Group Code of Conduct. This document, like other corporate policies, not only serves the company itself, but also its employees, in particular as guidance for proper behaviour when confronting legal or ethical challenges in daily work.

It is also conceived to help prevent unethical or illegal behaviour such as acts of corruption. The Code of Conduct contains binding behavioural guidelines on topics such as anti-corruption, fair competition, social aspects regarding tolerance and respect as well as dealing with the media and taxes.

In order to familiarize employees with the content of the Code of Conduct, they are instructed by a

compliance officer, for example, in the context of an interactive e-learning including practical examples. Furthermore, there is also an electronic confirmation for all employees worldwide to confirm that they had read the Code of Conduct and acted in accordance with its principles. Since 2022, all employees worldwide have also been required to submit an additional electronic confirmation regarding potentially existing conflicts of interest.

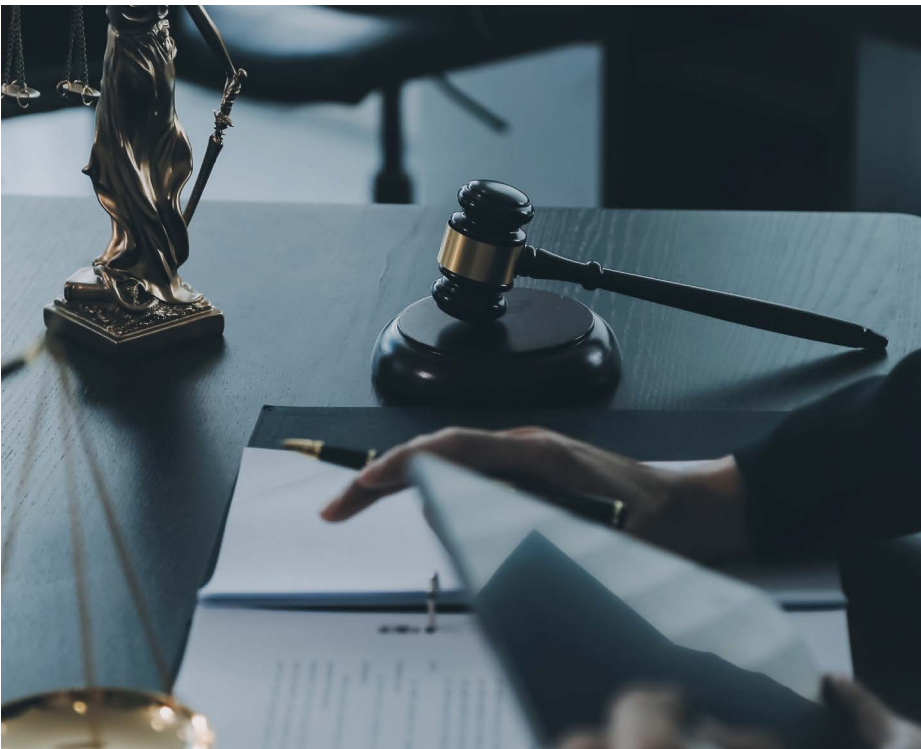
In the effort to continuously improve its compliance activities, Hemofarm has introduced a practice-oriented, mandatory online data protection training course. A comprehensive digital training management system for employees ‘Hero’, was additionally introduced, which enables the company to ensure the actual completion of mandatory trainings on compliance by employees.



⁷² Code of Conduct is published on the corporate website at: [Hemofarm - Poslovanje - Korporativni kodeks](#).

Compliance Management

TOGETHER WITH STADA GROUP, HEMOFARM HAS ESTABLISHED A ROBUST COMPLIANCE MANAGEMENT SYSTEM TO UPHOLD LAWS AND INTERNAL PROTOCOLS, FOCUSING ON ANTI-CORRUPTION, COMPETITION LAW, EXPORT CONTROL, ANTI-MONEY LAUNDERING, AND PERSONAL DATA PROTECTION.



At the core of this system is the Corporate Compliance Office based in Bad Vilbel. It aims to shield the company's financial standing and reputation, protect the management and employees from personal risks, avert competitive drawbacks, and boost the trust of consumers, patients, partners, and public authorities in its integrity. Corporate Compliance offers guidance on compliance areas like personal data protection and pharmaceutical industry compliance standards, proposes process optimization, and frequently liaises with other stakeholders and key business areas and departments.

An external ombudsman, accessible via STADA's website, functions as an independent medium for confidentially reporting suspicious activities, relaying information to the Compliance Office, which then decides the next course of action. A global policy on whistleblowing was implemented in 2021 and makes an important component of the corporate compliance system. It aims to further strengthen the compliance management system around the Group-wide 'speak-up' culture, including openly addressing misconduct.

During 2023, STADA Group to which Hemofarm belongs also created the *Compliance Reporting Portal*,⁷³ as a secure

and confidential platform designed to encourage people to share their compliance-related concerns. The portal for reporting non-compliances offers to employees and the third parties outside STADA Group a unique and secure way of speaking up and allows reporting of potential malfeasance or violations of STADA's internal rules/processes and/or laws, thus enabling STADA Group to resolve issues in a timely and appropriate manner for the benefit of the company, its employees, patients and users. The Compliance Reporting Portal protects the identity of the reporting persons and enables anonymous reporting.

The digital service called 'E-Secretary', which was already presented in earlier editions of Hemofarm's Reports on Sustainable Development, has been playing a particularly important role in controlling the legal aspect of business operations and legal compliance, in the proactive prevention and mitigation of legal risks at Hemofarm, the successful use of which continued in 2023. The successful implementation of the new Legal Business Partner concept was continued, with the aim of providing as efficient proactive legal support to business as possible and a more focused organization of Legal Department work, tailored to business and the needs of each organizational unit.

Hemofarm's Compliance Team supports STADA's affiliates in this area not only for the territory of Serbia and the Western Balkans Cluster, but also in the South-east Europe area.

⁷³ Link is available also externally at Hemofarm's website, at the bottom of the page containing company contact data. A click on the link leads to: <https://www.compliance-reporting-portal.stada.com/>

Corporate Culture and Values

AS AN IMPORTANT PART OF THE INTERNATIONAL GROUP, HEMOFARM RECOGNIZES THE BENEFITS OF THE CULTURE OF RESPECTING ITS EMPLOYEES' UNIQUENESS AND DIVERSITY.



This respect is reflected in the corporate culture, which is based on four core values (Agility, Entrepreneurship, Integrity, One STADA) universally applicable to all employees, irrespective of location within STADA Group.

The employees promote and embody the company's values through their everyday actions both at work and outside of work, thus making them their guiding principle. To reinforce these values, the company initiated Connect4Values – an initiative for additional promotion of corporate values and actions in accordance with them. This project, jointly managed by Global HR and Global Communications, was a virtual game where worldwide employees discussed hypothetical scenarios revolving around STADA's core corporate values. As a result of robust internal communication, around 5,000 STADA employees engaged in this activation.

Furthermore, owing to the integration of the Intranet into the Microsoft Teams platform, access to information in the company is facilitated, as in this way logging to the Intranet is also possible via phone (for those who have the MC Teams application installed). Another step was taken in 2023, when an internal mobile application was created



specifically for employees' communication within the company. The internal employees' newsletter 'One STADA News', published quarterly, also contributes to maintaining good communication and networking within the company, and owing to translation to multiple different languages and publishing in local versions, it guarantees adequate inclusivity and accessibility. The company also held multiple global townhalls, live-streamed on the Intranet with real-time translations in eight languages. Furthermore, internal events for employees, such as Company Day, A Cup of Coffee with a Psychologist in the organization of Hemofarm Foundation, etc., were held at the local level. The success of Hemofarm as a company is predicated on forming a capable team with a Growth Mindset and its willingness to quickly adapt to modern trends in business. Such a culture is being built and fostered at all stages of the employee life cycle, from recruitment, employee leadership and skills development, to awards and recognitions presented to the most outstanding employees who were the best value ambassadors (like the Value awards⁷⁴). The annual STI (Short Term Incentive) scheme, used for regular monitoring of employees' performance, also testifies that the values are embedded in all activities.

⁷⁴ On a semi-annual basis, employees with outstanding results are nominated to receive The Value Award for their integrity, agility, entrepreneurship and teamwork (One STADA). The winners are announced at global townhalls, paying recognition and respect for their business success as a motivation to others.

Respect for Human Rights



An ongoing raising of employee awareness about illegal conduct prevention and respect for human rights remains the company's focus, so during 2023 numerous trainings and practical workshops were organized, which were attended by hundreds of employees, in the field of both compliance and raising employee awareness in various legal fields: labour law, property law, contract law, intellectual property law, competition protection law.

Furthermore, the ten principles of the UN Global Compact that suppliers adhere to were successfully incorporated in a growing proportion of new product supply agreements. This commitment includes, among other things, the support and respect for the protection of international human rights, ensuring neither party is involved in any human rights violations, and the pledge to eradicate all forms of forced and child labour. Already in 2022, 'Responsible Procurement' function

was established, and the EcoVadis system solution was launched in connection with the Supply Chain Due Diligence Act to evaluate our suppliers in the areas of Environment, Labour & Human Rights, Ethics and Sustainable Procurement. During 2023, the assessment of ESG performances of more than 700 prioritized suppliers was carried out through EcoVadis platform.

⁷⁵ More details described through SDG 9 and Good Pharmacovigilance Practice.

Data Privacy and Security

Hemofarm respects the privacy rights of all employees, clients and other stakeholders, and processes personal data exclusively for specific business purposes and protects such information from unauthorized access.

The company takes necessary measures to treat personal data with confidentiality and to collect, process and use it exclusively in accordance with the applicable data protection regulations. Special attention is also put to all pharmacovigilance data in accordance with all applicable laws and regulations.⁷⁵ Hemofarm's assets are of essential importance for the company's success and therefore deserve special protection. Company's assets include not only tangible assets such as machines and buildings, but also intangible assets such as patents, know-how, trademarks, copyrights, scientific and technical expertise, business processes, etc. Many of these assets are confidential and represent company trade secrets that must be specifically protected from access by third parties. The same applies to information obtained for business purposes from third parties, and it must be treated as confidential and protected from access by other third parties. All employees are obliged to use confidential information disclosed during their work exclusively for the purposes of their business activity for the company, and not for personal purposes. Information, processes and support systems represent significant value to the company and information confidentiality is an important undertaking of all employees. Each employee is obliged to keep any information that is not known to the public confidential, without the need to establish additional obligations such as marking such information as confidential. Also, all employees are required to report any situation that suggests a possible violation of the protection or confidentiality of sensitive information related to or potentially related to the company.



CSR and Support to Public Healthcare

HEMOFARM, AS ONE OF THE LEADING REGIONAL PHARMACEUTICAL COMPANIES, HAS BEEN SETTING, YEAR AFTER YEAR, AN EXAMPLE OF HOW CORPORATE SOCIAL RESPONSIBILITY (CSR) LOOKS LIKE IN PRACTICE.

The organization's efforts in the fight for public health and a better quality of life are driven by the commitment to and care for people, which is underscored by the corporate mission. Hemofarm's strong commitment to public healthcare is additionally manifested through the work of Hemofarm Foundation.

Hemofarm Foundation has been operating for three decades already, celebrating a big jubilee and 30 years of operation in 2023. Over the course of these 30 years, Hemofarm Foundation has implemented various charitable initiatives that focus on health support and helping patients (through the programs and projects that include education on fighting high blood pressure, raising awareness about the importance of organ donation, mental health support and many others). From sponsoring scientific gatherings, training medical staff and supporting patient associations, to helping the general population during health crises, Hemofarm Foundation's activities confirm the company's commitment to fostering a healthier society. Through these actions, Foundation has been paving the path of corporate responsibility in the modern pharmaceutical environment. Recognizing the importance of supporting the professional development of healthcare professionals in the field of modern medicine and patient treatment, the funds were earmarked for professional development of as many as 28,293 health professionals through 57 Continuing Medical Education programs within the projects of Hemofarm Foundation Academy.

In 2023, Hemofarm Foundation implemented 65 activities within the programs for health, education and culture.

The Most Important Call in Life – Upon the invitation of the Ministry of Health of Serbia and the Republic Health Insurance Fund (RFZO), Hemofarm Foundation has resumed the campaign 'The Most Important Call in Life', which was launched back in 2016, and relaunched in 2019. Apart from the Ministry of Health and RFZO, the association of patients waiting for a transplant or already transplanted patients 'Together for New Life' became a

project partner in 2023. From April to December 31, 2023, a total of 32 organ transplantations were performed in Serbia, 30 more than in 2022, which is a direct contribution of the 'The Most Important Calling in Life' campaign.

The Unbreakable – In response to the tragedy in the elementary school 'Vladislav Ribnikar' and the villages in the vicinity of Mladenovac at the beginning of May 2023, Hemofarm Foundation opened the Unbreakable SOS line 0800 001 002 for psycho-social support to general public. Nearly 20,000 persons received help and support through the SOS line and social networks until 31/12/2023. In cooperation with the Association of Independent Electronic Media (ANEM) and with the support of the Office of the Organization for Security and Cooperation in Europe (OSCE) in Serbia, Hemofarm Foundation organized a three-day training for doctors (psychologists and psychiatrists) who work on the SOS line as part of the Unbreakable project for fighting depression and stigma.

Awards – In recognition of all the efforts invested in benefiting the society, during 2023 Hemofarm Foundation received 17 awards for 'The Most Important Call in Life' campaign, including 9 awards at the Integrated Communications Festival KAKTUS, 1 award at the regional festival SoMoBorac, 1 award at the Campaigns with Purpose festival and 6 awards of the Association for Market Communications of Serbia (UEPS).

Other activities of Hemofarm Foundation in 2023 encompassed the support to institutions and associations of which the most important one is the donation granted to Haematology Clinic of the University Clinical Centre of Serbia (UKCS). Over the course of 2023, Hemofarm Foundation organized four panel sessions 'A Cup of Coffee with a Psychologist', dedicated to mental health topics. From 2019 to the end of 2023, Hemofarm Foundation organized 33 'A Cup of Coffee with a Psychologist' panel sessions in total, wherein the most renowned experts in the field of psychology and psychiatry, and the persons who bravely shared their experiences, participated as the panellists.



HEMOFARM'S ESG INITIATIVES

Hemofarm's CHC School B&H

Hemofarm Banja Luka traditionally organizes a CHC school once a year, where it gathers pharmacists and pharmaceutical technicians from all over Bosnia and Herzegovina. During two days of intensive and interesting education, participants deal with various current health topics related to our portfolio. The school is designed to convey new knowledge through interaction with participants and the use of interactive applications such as Slido and at the same time present Hemofarm products in the best possible way. In addition to the product managers from Hemofarm who lead the sessions, guest lecturers also attract significant attention. Such educations send a message to pharmacists and pharmaceutical technicians that Hemofarm is a trusted partner, as it has recognized their need for continuous improvement of knowledge and keeping up with trends that are changing at the fastest rate precisely in the CHC segment.

Alal vera (Kudos) Stories

– RECOGNITION FOR EXCEPTIONAL COLLEAGUES AND TEAMS

Alal vera (Kudos) stories are the stories about the colleagues and teams who have done something exceptionally useful and good, about people who give even more than expected at their job. These stories are exchanged within the team when one of the colleagues wants to sincerely praise someone's work or act. Not because it is expected, but because it has been deserved. The initiative was launched in early 2023, and the published stories about the colleagues record a large interest of readers in internal communication channels.

People to People

344 KG OF HYGIENE PRODUCTS COLLECTED FOR DROP-IN SHELTER FOR STREET INVOLVED CHILDREN

The aid in the form of personal and household hygiene maintenance products in the quantity of 344 kg was collected in the action to support the institution 'Drop-in Shelter for Street Involved Children' in Belgrade, within the 'People to People' initiative. The employees from Vršac, Šabac and Belgrade were the first to join the two-week action and respond to the appeal of the 'Drop-in Shelter', where the supplies of hygiene products reached the minim level.



Reporting Framework



SECTION



**SAŠA
UROŠEVIĆ**

Senior Director of Hemofarm Banja Luka

PUTANJA RASTA I LIDERSKA POZICIJA HEMOFARMA UTIČU I NA SVE VEĆU ODGOVORNOST KOMPANIJE U BRIZI O ZDRAVLJU LJUDI. U SKLADU SA TIM, HEMOFARM ĆE U BUDUĆNOSTI, IZMEĐU OSTALIH INICIJATIVA, NASTAVITI DA RAZVIJA INFRASTRUKTURU I ULAŽE U PROIZVODNE LOKACIJE, DISTRIBUCIJU I LANAC SNABDEVANJA, KONTINUIRANO POBOLJŠAVAJUĆI PRISTUP LEKOVIMA U ZEMLJAMA U KOJIMA POSLUJE.

Reporting Principles

MATERIALITY MATRIX

The starting point for the preparation of this report is STADA and Hemofarm Materiality Matrix with the List of Material Topics, based on double materiality assessment (presented at the beginning of the report), which represents a comparative overview of the most important business topics from the perspectives of both the company and the key stakeholders. Topics are ranked according to the upstream and downstream ESG impacts. Indicators and topics are connected by the analysis of GRI indicators, whereby the Materiality Matrix gives the basis for future reporting as well as business improvement. Given that the sustainability report encompasses topics of relevance to the company and stakeholders, the Report can be used as the basis for the estimates and decisions made by management bodies and stakeholders. The application of GRI guidelines enables the company to transparently report on the performance in three key areas of sustainable operations: the environment, society, and governance, with the presented management approach linking Hemofarm's sustainability program with the SDGs. In addition to the company profile and a number of indicators, the report is based on the following principles.



MATERIALITY

The report encompasses all material topics identified as part of Hemofarm’s materiality assessment. It includes relevant economic, environmental, social, and management-related topics and activities that have impact on Hemofarm and its stakeholders. The process of prioritizing the topics in the 2023 report involved an active dialog with key stakeholders through workshops and online surveys, creating the Materiality Matrix in accordance with GRI guidelines, the needs and interests of all stakeholders, and the strategic priorities of the company.

INCLUSIVITY

One of STADA’s sustainability reporting goals is to improve the mutual relationships and raise the general level of satisfaction with company business operations by creating the conditions for efficient dialogue with all stakeholders. Apart from a dialogue with key stakeholders, STADA strives

to observe feedback received through fostering speak-up culture. Hemofarm welcomes any feedback from readers of this report about its quality and content, so that it can improve the quality of future reports. The e-mail address for sending suggestions, impressions, and any feedback is svakodobro@hemofarm.com.

SUSTAINABILITY

The principle of operational sustainability involves the way in which the company perceives its long-term environmental impact, and presents its activities at the national, regional, and global level.

COMPLETENESS

The report provides relevant information and data from 1 January 2023 up through 31 December 2023. Comparative data from previous years are also shown, wherever possible. Financial and economic indicators are taken over from Hemofarm’s

financial statements for 2023 and STADA’s Annual Report 2023, pertaining to the company’s activities at the level of reference Cluster and Group.

BALANCE

Balance requires the presentation of both positive and negative aspects and effects of the company on sustainability, thus providing impartial and objective presentation of results. Objective presentation of the company results in 2023, in the economic, environmental, and social segments, is based on GRI methodology, which presents relevant pieces of information, regardless of their characteristics.

COMPARABILITY

Comparability means presenting data in a consistent and continuous manner, so as to provide an option of comparison with GRI standards and other companies. Since this is the eleventh sustainability

report published by Hemofarm, it is comparable to the previous one (published with the review of 2022) as well as other sustainability reports of Hemofarm, as of 2012 since when the company has been reporting on its own sustainability. Since this report represents an extension of nonfinancial reporting, it is also possible to review the company business operations also from the point of view of analysis of nonfinancial performances of business and management.

ACCURACY

Accuracy implies providing information of appropriate quality and quantity, while constantly improving the system of data collection and analysis. Where source data could not be collected, estimates were performed with explanations regarding the calculation/estimation methodology.

TIMELINESS

Timeliness means consistency in reporting frequency and length of reporting period in order to secure the availability of information on a regular basis, and the possibility to make adequate and timely decisions regarding the company and its operations. Hemofarm reports on its ESG principles and sustainable development each year.

CLARITY

Clarity is presenting information in a transparent, simple, and clear manner, thus ensuring the accessibility of information. The availability and intelligibility of information from and for all stakeholders were the main objections during the preparation of 2023 report.

RELIABILITY

Reliability means collecting, recording, compiling, analysing, and publishing information in a way that can be verified and in a way that substantiates the quality and materiality of the information. The auditing company EY verified this report relying on standards and requirements of globally recognized GRI methodology.

GRI Index^{76 77}

General Disclosures

DISCLOSURE	REFERENCES
2-1 Organizational details	
a. Report its legal name;	Section 1 of this Report
b. Report its nature of ownership and legal form;	Nidda Healthcare GmbH is direct shareholder with ownership share of 100%. Related companies: Bain Capital Investors, LLC, Wilmington, Delaware, USA and Cinven (Luxco 1) S.A., Luxembourg, exercise direct joint control over the subsidiary Nidda Topco S.à r.l., which in turn indirectly controls the following subsidiaries: Nidda Midco S.à r.l., Nidda German Topco GmbH, Nidda German Midco GmbH, Nidda BondCo GmbH and Nidda Healthcare Holding GmbH, through the direct shareholder Nidda Healthcare GmbH which holds the outstanding shares in STADA Arzneimittel AG. Hemofarm is an affiliate of STADA company.
c. Report the location of its headquarters;	Section 1 of this Report
d. Report its countries of operation	Section 1 of this Report
2-2 Entities included in the organization's sustainability reporting	
a. List all the entities included in its sustainability reporting;	Section 1 of this Report and Section 3 of this Report
b. If the organization has audited consolidated financial statements or financial information filed on public record, specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting;	No additional entities are included in the sustainability reporting that are not included in its financial reporting.
c. If the organization consists of multiple entities, explain the approach used for consolidating the information, including:	Hemofarm is consolidating the information from its entities of operation through regular reports within separate workstreams (including TechOps, C&P (HR), Legal and Compliance, Communication, Commercial, etc.). These reports are collected through monthly business reviews, quarter reports and final annual reports and are structured compatible to GRI, including mergers, acquisitions, and disposal of entities or parts of entities as well as adjustments to information for minority interests where applicable.
i. whether the approach involves adjustments to information for minority interests;	
ii. how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities;	
iii. whether and how the approach differs across the disclosures in this Standard and across material topics.	/

⁰¹ The terms 'local' and 'significant locations of operation' apply to Hemofarm's business in Serbia, Bosnia and Herzegovina and Montenegro, where the company has its manufacturing complexes, as well as including EU laboratory in Timisoara. If the data overview is given from any other angle, which includes STADA global reporting level, such data will be adequately referenced, so that the readers of the report are not put in a situation to misunderstand this report. The term 'management' in this report means the top, middle and lower management of the company, including the CEO and Hemofarm's Board of Directors/Senior Management Team (SMT).

⁰² Parameters that are regulated at the level of STADA Group and which do not deviate in business practices of Hemofarm are referenced in this index from the global aspect of STADA Group, while the parameters referring only to Hemofarm (including also concrete numbers) are presented only for Hemofarm.

DISCLOSURE	REFERENCES
2-3 Reporting period, frequency and contact point	
a. Specify the reporting period for, and the frequency of, its sustainability reporting;	Section 3 of this Report / Chapter Reporting framework
b. Specify the reporting period for its financial reporting and, if it does not align with the period for its sustainability reporting, explain the reason for this	Section 3 of this Report / Chapter Reporting framework
c. Report the publication date of the report or reported information;	Section 3 of this Report / Chapter Reporting framework
d. Specify the contact point for questions about the report or reported information.	Section 1 of this Report
2-4 Restatements of information	
a. Report restatements of information made from previous reporting periods and explain:	There is no restatement of the information compared to the previous sustainability report of Hemofarm and STADA for 2022. In 2023, Hemofarm had no changes in the ownership and with regard to the data presented in the previous reporting cycle (for 2022), there were no significant subsequent adjustments of the previously stated figures. Deconsolidation of business operations that was implemented at STADA Group level does not affect the restatement in the context of Hemofarm operations. More information about this deconsolidation is available in the STADA Annual Report 2023 available at: https://www.stada.com/investor-relations/financial-publications/financial-reports
i. the reasons for the restatements;	
ii. the effect of the restatements.	
2-5 External assurance	
a. Describe its policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved;	Hemofarm's annual sustainability reports are being externally assured. Top management of Hemofarm (SMT) seeks an independent auditor on the basis of input from its senior manager of global sustainable development.
b. If the organization's sustainability reporting has been externally assured:	
i. provide a link or reference to the external assurance report(s) or assurance statement(s);	Section 3 of this Report / Chapter Independent Auditor's Report
ii. describe what has been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;	Section 3 of this Report / Chapter Reporting framework
iii. describe the relationship between the organization and the assurance provider.	EY is an independent auditor to Hemofarm.
2-6 Activities, value chain and other business relationships	
a. . Report the sector(s) in which it is active;	Section 1 of this Report / Chapter Company Profile 2023
b. Describe its value chain, including:	Section 1 of this Report / Chapter Company Profile 2023
i. the organization's activities, products, services, and markets served	The term 'operation' for Hemofarm is defined as a country where the company has either its production facility, local representative office/affiliate and/or partner offering Hemofarm's products.
ii. the organization's supply chain;	Section 1 of this Report
iii. the entities downstream from the organization and their activities;	Section 1 of this Report / Chapter Company Profile 2023
c. Report other relevant business relationships;	/
d. Describe significant changes in 2-6-a, 2-6-b, and 2-6-c compared to the previous reporting period.	/

DISCLOSURE	REFERENCES
2-7 Employees	
a. Report the total number of employees, and a breakdown of this total by gender and by region;	Section 2 of this Report
b. Report the total number of:	
i. permanent employees, and a breakdown by gender and by region;	
ii. temporary employees, and a breakdown by gender and by region;	
iii. non-guaranteed hours employees, and a breakdown by gender and by region;	
iv. full-time employees, and a breakdown by gender and by region;	
v. part-time employees, and a breakdown by gender and by region;	
c. Describe the methodologies and assumptions used to compile the data, including whether the numbers are reported:	SAP software based data collection is used to track the data and present it as required.
i. in head count, full-time equivalent (FTE), or using another methodology;	
ii. at the end of the reporting period, as an average across the reporting period, or using another methodology;	
d. report contextual information necessary to understand the data reported under 2-7-a and 2-7-b;	/
e. describe significant fluctuations in the number of employees during the reporting period and between reporting periods.	Section 2 of this Report
2-8 Workers who are not employees	
a. Report the total number of workers who are not employees and whose work is controlled by the organization and describe:	Section 2 of this Report
i. the most common types of worker and their contractual relationship with the organization;	
ii. the type of work they perform;	
b. Describe the methodologies and assumptions used to compile the data, including whether the number of workers who are not employees is reported:	SAP software-based data collection is used to track the data and present it as required.
i. in head count, full-time equivalent (FTE), or using another methodology;	
ii. at the end of the reporting period, as an average across the reporting period, or using another methodology;	
c. Describe significant fluctuations in the number of workers who are not employees during the reporting period and between reporting periods.	/

DISCLOSURE	REFERENCES
2-9 Governance structure and composition	
a. Describe its governance structure, including committees of the highest governance body	Section 1 of this Report
b. List the committees of the highest governance body that are responsible for decision making on and overseeing the management of the organization's impacts on the economy, environment, and people;	Section 1 of this Report
c. Describe the composition of the highest governance body and its committees by:	
i. executive and non-executive members;	Section 1 of this Report
ii. independence;	All members of SMT are independent.
iii. tenure of members on the governance body;	/ more details on SMT members is available on corporate web site of Hemofarm https://www.hemofarm.com/srb/menadzment
iv. number of other significant positions and commitments held by each member, and the nature of the commitments;	In 2023, the members of Board of Directors did not have any external mandates. Dr Ronald Seeliger (CEO) is a member of Board of Governors of AmCham Serbia. He is also a member of the board of Foreign Investors Council and Chamber of Commerce of Serbia.
v. gender	Board of Directors: Female: 6 (50%), Male 6 (50%), Total 12 (100%)
vi. under-represented social groups;	/
vii. competencies relevant to the impacts of the organization;	Available on the corporate web site of Hemofarm (represented by adequate expert business positions taken by each individual SMT member) https://www.hemofarm.com/srb/menadzment
viii. stakeholder representation	/
2-10 Nomination and selection of the highest governance body	
a. Describe the nomination and selection processes for the highest governance body and its committees;	Members of the Board of Directors are appointed by STADA SEC, at the proposal of CEO and SMT
b. Describe the criteria used for nominating and selecting highest governance body members, including whether and how the following are taken into consideration:	
i. views of stakeholders (including shareholders);	/
ii. diversity;	Diversity is an important criterion in the composition of the Board of Directors. Therefore, men and women are equally represented 50:50%.
iii. independence;	/
iv. competencies relevant to the impacts of the organization.	Available on the corporate web site of Hemofarm (represented by adequate expert business positions taken by each individual SMT member) https://www.hemofarm.com/srb/menadzment

DISCLOSURE		REFERENCES
2-11 Chair of the highest governance body		
a. Report whether the chair of the highest governance body is also a senior executive in the organization;	The Chairman of the Board of Directors is chief executive officer (CEO).	
b. If the chair is also a senior executive, explain their function within the organization's management, the reasons for this arrangement, and how conflicts of interest are prevented and mitigated.	Due to the two-tier system with two separate Bodies - Supervisory Board (STADA level) as monitoring body and Board of Directors (Hemofarm level) as managing and decision making body, there is no such risk.	
2-12 Role of the highest governance body in overseeing the management of impacts		
a. Describe the role of the highest governance body and of senior executives in developing, approving, and updating the organization's purpose, value or mission statements, strategies, policies, and goals related to sustainable development;	SMT is dealing with development, approving and updating of statements on the purpose, values and mission, strategies, policies etc., as well as goals of the organization related to the sustainable development (based on input of senior manager of global sustainable development to ESG topics).	
b. Describe the role of the highest governance body in overseeing the organization's due diligence and other processes to identify and manage the organization's impacts on the economy, environment, and people, including:		
i. whether and how the highest governance body engages with stakeholders to support these processes;	In SMT meetings, the members regularly discuss the organization's impacts reported by the responsible member of the Board of Directors, director of Technical Operations (CTO) to the topic of environment protection, health and safety, and Chief People Officer (CPO) within C&P to the topic of human rights.	
ii. how the highest governance body considers the outcomes of these processes;	The members of SMT accepted the global 'Sustainability Policy and ESG Commitments' published on Intranet. This Policy and commitments of the highest governance body also includes the results of an ESG materiality analysis (including stakeholder participation).	
c. Describe the role of the highest governance body in reviewing the effectiveness of the organization's processes as described in 2-12-b, and report the frequency of this review.	More details are available in STADA Annual Report 2023 https://www.stada.com/investor-relations/financial-publications/financial-reports	
2-13 Delegation of responsibility for managing impacts		
a. Describe how the highest governance body delegates responsibility for managing the organization's impacts on the economy, environment, and people, including:	Within the Board of Directors, the management responsibility for sustainability, health, safety and environmental matters falls within the area of responsibility of the Chief Technical Officer. People, corporate culture and diversity falls within the area of responsibility of C&P Chief People Officer (CPO).	
i. whether it has appointed any senior executives with responsibility for the management of impacts;	SMT is the main body overseeing the management in respect to Sustainability / ESG, including some of the key members (from ESG perspective) - Chief Financial Officer (CFO), Chief Technical Officer (CTO), C&P Chief People Officer (CPO), together with CEO.	
ii. whether it has delegated responsibility for the management of impacts to other employees;	Depending on the topic, the respective function (headed by the member of SMT) takes the leadership to develop respective programs and initiatives addressing and improving sustainability aspects within their area of responsibility (e.g. CTO via HSE function for climate change and occupational health and safety; Chief People Officer (CPO) via C&P function for diversity and training).	
b. Describe the process and frequency for senior executives or other employees to report back to the highest governance body on the management of the organization's impacts on the economy, environment, and people	/	

DISCLOSURE		REFERENCES	
2-14 Role of the highest governance body in sustainability reporting			
a. Report whether the highest governance body is responsible for reviewing and approving the reported information, including the organization's material topics, and if so, describe the process for reviewing and approving the information;		SMT is responsible for review and approval of reported information. This body confirms the sustainability policy, material topics and aspects of sustainable development.	
b. If the highest governance body is not responsible for reviewing and approving the reported information, including the organization's material topics, explain the reason for this.		/	
2-15 Conflicts of interest			
a. Describe the processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated;		In 2022, electronic confirmation was introduced for all employees worldwide, including SMT members, to confirm that they had read the Code of Conduct and acted in accordance with its principles. Since 2022, all employees worldwide, including SMT members, have also been required to submit an additional electronic confirmation regarding potentially existing conflicts of interest. In the future, both declarations must be submitted annually by all employees worldwide.	
b. Report whether conflicts of interest are disclosed to stakeholders, including, at a minimum, conflicts of interest relating to:		No major/unresolved conflicts of interest were disclosed in 2023.	
i. cross-board membership;			
ii. cross-shareholding with suppliers and other stakeholders;			
iii. existence of controlling shareholders;			
iv. related parties, their relationships, transactions, and outstanding balances.			
2-16 Communication of critical concerns			
a. Describe whether and how critical concerns are communicated to the highest governance body;		Monthly business reviews (MBRs) of all SMT members with the CEO (and competent global STADA functions), as well as SMT meetings, are used for communicating all critical concerns and acting in accordance with conclusions and proposed measures. Ad-hoc communication is applied in case of critical concerns.	
b. Report the total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period.		Intensive, informative communication was an ongoing topic in the internal channels given the war in Ukraine, global supply difficulties and rising inflation. In numerous employee briefings and across all national borders, STADA CEO Peter Goldschmidt as well as CEO of Hemofarm, Dr Ronald Seeliger provided information on current developments.	

DISCLOSURE	REFERENCES
2-17 Collective knowledge of the highest governance body	
a. Report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.	Monthly business reviews (MBRs) of all SMT members and competent directors with the CEO, as well as SMT meetings are used to advance the collective knowledge, skills and experience of the highest governance body on sustainable development.
2-18 Evaluation of the performance of the highest governance body	
a. Describe the processes for evaluating the performance of the highest governance body in overseeing the management of the organization's impacts on the economy, environment, and people;	<p>The Supervisory Board receives reports of the Board of Directors on the intended business policy and other fundamental issues of corporate planning (in particular financial, investment and personnel planning), the profitability of the Company, the course of business (in particular sales and the situation of the Company) and transactions that could be of material significance for the profitability or liquidity of the Company. The Supervisory Board ensures that it is appropriately informed through the ongoing reporting from the Board of Directors and will, if necessary, exercise its right to demand reports from the Board of Directors on matters affecting the company. ESG aspects are part of the listed reports. In Supervisory Board meetings, the Board gets into direct exchange with the Board of Directors members also on the organization's impacts on the economy, environment, and people.</p> <p>The members of the Board of Directors have ESG-connected remuneration targets which are evaluated by the Supervisory Board.</p>
b. Report whether the evaluations are independent or not, and the frequency of the evaluations;	Evaluations are internal (not independent). See also 2-18.a.
c. Describe actions taken in response to the evaluations, including changes to the composition of the highest governance body and organizational practices.	Section 1 of this Report / Chapter Company Profile 2023
2-19 Remuneration policies	
a. Describe the remuneration policies for members of the highest governance body and senior executives, including:	<p>All available data presented within STADA Annual Report 2023: https://www.stada.com/investor-relations/financial-publications/financial-reports</p> <p>Also, remuneration policies are affected by country specifics and consequently by collective bargaining agreements.</p> <p>Additional data is currently not publicly available in accordance with applicable corporate procedures and rules.</p>
i. fixed pay and variable pay;	
ii. sign-on bonuses or recruitment incentive payments;	
iii. termination payments;	
iv. clawbacks;	
v. retirement benefits;	Harmonization of benefit plan obligations and retirement plans at the Group level is ongoing and country-specific conditions will not be highlighted separately in this report. This topic will be presented in more detail in future reports.
b. Describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organization's impacts on the economy, environment, and people.	<p>All available data presented within STADA Annual Report 2023: https://www.stada.com/investor-relations/financial-publications/financial-reports</p> <p>Also, remuneration policies are affected by country specifics and consequently by collective bargaining agreements.</p> <p>Additional data is currently not publicly available in accordance with applicable corporate procedures and rules.</p>

DISCLOSURE		REFERENCES
2-20 Process to determine remuneration		
a. Describe the process for designing its remuneration policies and for determining remuneration, including:	All available data presented within STADA Annual Report 2023: https://www.stada.com/investor-relations/financial-publications/financial-reports Additional data is currently not publicly available in accordance with applicable corporate procedures and rules.	
i. whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration;	The Supervisory Board of STADA manages this process. Members of the Board of Directors have ESG-connected remuneration targets.	
ii. how the views of stakeholders (including shareholders) regarding remuneration are sought and taken into consideration;		
iii. whether remuneration consultants are involved in determining remuneration and, if so, whether they are independent of the organization, its highest governance body and senior executives;	/	
b. Report the results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable.	/ Not applicable	
2-21 Annual total compensation ratio		
a. Report the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees(excluding the highest-paid individual);	All available data presented within STADA Annual Report 2023: https://www.stada.com/investor-relations/financial-publications/financial-reports Additional data is currently not publicly available in accordance with applicable corporate procedures and rules. Hemofarm is limited by internal rules to disclose more details on remuneration policies. According to local data from its significant locations of operation standard entry level wages at Hemofarm are above minimum wage rules for all of its employees, with no gender variations.	
b. Report the ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual);		
c. Report contextual information necessary to understand the data and how the data has been compiled.		
2-22 Statement on sustainable development strategy		
a. Report a statement from the highest governance body or most senior executive of the organization about the relevance of sustainable development to the organization and its strategy for contributing to sustainable development.	Section 1 of this Report / Chapter CEO's Foreword	

DISCLOSURE	REFERENCES
2-23 Policy commitments	
a. Describe its policy commitments for responsible business conduct, including:	Global policies, which are available to the internal public at all levels via the corporate intranet (and internally promoted), define all behaviours, rules and mechanisms related to this specific and related topics.
i. the authoritative intergovernmental instruments that the commitments reference;	
ii. whether the commitments stipulate conducting due diligence;	
iii. whether the commitments stipulate applying the precautionary principle;	Precautionary Principle is under review in order to be aligned to the global risk management at Hemofarm and would be included in the sustainable development management and sustainability reporting within the upcoming reporting cycles
iv. whether the commitments stipulate respecting human rights;	Sustainability & ESG Commitments Policy stipulate respecting human rights with strong commitments to this important topic.
b. Describe its specific policy commitment to respect human rights, including:	Hemofarm respects and promotes human rights in accordance with the UN Guiding Principles on Business and Human Rights and the Universal Declaration of Human Rights.
i. the internationally recognized human rights that the commitment covers;	
ii. the categories of stakeholders, including at-risk or vulnerable groups, that the organization gives particular attention to in the commitment;	All supply chain participants and stakeholders are expected to share the same approach as Hemofarm considering the respect of human rights.
c. Provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this;	Since Hemofarm is launching new sustainability section with more content within its official website, this policy is still not publicly available, except selected clauses that are shared with suppliers and stakeholders directly as well as integrated into ESG assessment of suppliers within EcoVadis platform.
d. Report the level at which each of the policy commitments was approved within the organization, including whether this is the most senior level;	This policy was signed by representatives of STADA SEC, as well as Stada CEO.
e. Report the extent to which the policy commitments apply to the organization's activities and to its business relationships;	The policy covers all activities and operations of STADA, thus also all activities and operations of Hemofarm.
f. Describe how the policy commitments are communicated to workers, business partners, and other relevant parties.	The policy was announced over Intranet article, available to all employees, and uploaded into the section of Global Policies (also available to all employees over Intranet). It was also presented in senior management meetings.

DISCLOSURE	REFERENCES
2-24 Embedding policy commitments	
a. Describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including:	Policy commitments are integrated into creation of corporate culture that puts one of its focuses on ESG, which is actively communicated through internal and external communication channels.
i. how it allocates responsibility to implement the commitments across different levels within the organization;	Responsibility is allocated through STADA SEC and/or Hemofarm SMT.
ii. how it integrates the commitments into organizational strategies, operational policies, and operational procedures;	Commitments are integrated into organizational strategies, operational policies and procedures top down – from SEC/SMT to task forces and functional units of the company. Commitments are also addressed through the implementation of planned risk analysis, planned risk management process, the setting up of certain preventive measures, planned trainings and workshops.
iii. how it implements its commitments with and through its business relationships;	Commitments and their requirements are transparently communicated in all STADA and Hemofarm affiliates, and supply chain, with expectations that all should share the same ESG values. EcoVadis platform is used for suppliers’ assessment.
iv. training that the organization provides on implementing the commitments.	Regular trainings are organized through responsible workstreams (i.e. ESG training over SAP HERO learning platform).
2-25 Processes to remediate negative impacts	
a. Describe its commitments to provide for or cooperate in the remediation of negative impacts that the organization identifies it has caused or contributed to;	In line with its purpose and its Sustainability Policy, Hemofarm is committed to preventing and mitigating all significant negative impact. Hemofarm’s approach to identify and manage sustainability impact is described in this Sustainability Report. Also, its Code of Conduct provides information about ombudsman to address grievances from all stakeholders together with contact details at a www.stada.com More details also available in STADA Annual Report 2023 https://www.stada.com/investor-relations/financial-publications/financial-reports
b. Describe its approach to identify and address grievances, including the grievance mechanisms that the organization has established or participates in;	
c. Describe other processes by which the organization provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to;	
d. Describe how the stakeholders who are the intended users of the grievance mechanisms are involved in the design, review, operation, and improvement of these mechanisms;	
e. Describe how the organization tracks the effectiveness of the grievance mechanisms and other remediation processes, and report examples of their effectiveness, including stakeholder feedback.	
2-26 Mechanisms for seeking advice and raising concerns	
a. Describe the mechanisms for individuals to:	
i. seek advice on implementing the organization’s policies and practices for responsible business conduct;	The relevant department gives guidance regarding the implementation of their policies to the individuals seeking advice.
ii. raise concerns about the organization’s business conduct.	There are several ways available to the individuals wishing to raise concerns about the organization’s business conduct, including, Compliance, Culture and People department, their relevant managers, ombudsman, etc. Relevant information and the contact details are published on the intranet and internet sites.

DISCLOSURE	REFERENCES
2-27 Compliance with laws and regulations	
a. Report the total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by:	In 2023, the overall business operations of Hemofarm company were in line with applicable legislation. Accordingly, no material complaints, fines or non-monetary sanctions related to non-compliance with laws or regulations were recorded/incurred.
i. instances for which fines were incurred;	
ii. instances for which non-monetary sanctions were incurred;	
b. Report the total number and the monetary value of fines for instances of noncompliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by:	/
i. fines for instances of non-compliance with laws and regulations that occurred in the current reporting period;	
ii. fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods;	
c. Describe the significant instances of non-compliance;	There are no material instances of non-compliance.
d. Describe how it has determined significant instances of non-compliance.	A material instance of non-compliance is determined as an instance having a group-wide effect or an instance in major compliance risk areas (e.g. anti-bribery, anti-corruption, export control, sanctions regulations, anti-monopoly and anti-trust, money laundering, etc.)
2-28 Membership associations	
a. Report industry associations, other membership associations, and national or international advocacy organizations in which it participates in a significant role	Experts of Hemofarm strive to offer their knowledge within the company activities in the following associations in Serbia: AmCham – American Chamber of Commerce, AHK - The German-Serbian Chamber of Commerce, FIC – Foreign Investors Council etc. Hemofarm is a member of the United Nations Global Compact.
2-29 Approach to stakeholder engagement	
a. Describe its approach to engaging with stakeholders, including:	
i. the categories of stakeholders it engages with, and how they are identified;	Internal and external stakeholders are engaged in Hemofarm's stakeholders engagement process. Section 1 of this Report
ii. the purpose of the stakeholder engagement;	Hemofarm seeks feedback from its stakeholders considering double materiality and its ESG impacts.
iii. how the organization seeks to ensure meaningful engagement with stakeholders.	Hemofarm prepares its stakeholder engagement respecting the principles of transparency, objectivity and continuity, aligned with GRI standards and reporting requirements.

DISCLOSURE	REFERENCES
2-30 Collective bargaining agreements	
a. Report the percentage of total employees covered by collective bargaining agreements;	STADA continues to express a clear commitment to the freedom of association as well as to the right of its workforce to unionize. Approximately 50% of the employees within the group are covered by a collective bargaining agreement (CBA). It also includes Hemofarm, which has concluded collective bargaining agreement with independent trade union representing the employees. The CBA is the result of an extensive negotiation process between the parties ensuring fair working conditions for various topics such as wages, working hours, and other terms and conditions of employment.
b. For employees not covered by collective bargaining agreements, report whether the organization determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other organizations.	Hemofarm strives to offer the same working conditions also to the employees not covered by CBA (even in the areas/countries) where it is not obligatory by the law.

Material Topics

DISCLOSURE	REFERENCES
3-1 Process to determine material topics	
a. Describe the process it has followed to determine its material topics, including:	Potential ESG topics were identified through the assessment of all business operations of Hemofarm and its potential ESG downstream/upstream impacts.
i. how it has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across its activities and business relationships;	SMT, based on the inputs from relevant task forces/divisions, made a collection of potential positive / negative ESG impacts, together with likelihood of occurrence. The list was confirmed by STADA SEC in order to be offered to stakeholders. Special focus was put on respect for human rights, which resulted in creating new ESG policy that has been applicable since H2 2023.
ii. how it has prioritized the impacts for reporting based on their significance;	Impacts of double materiality and assessment of topics resulted in creation of list of priority topics per impacts as reporting base.
b. Specify the stakeholders and experts whose views have informed the process of determining its material topics.	Section 1 of this Report / Chapter Stakeholder Dialogue and Material Assessment

DISCLOSURE		REFERENCES	
3-2 List of material topics			
a. List the material topics;		Section of this Report / Chapter Stakeholder Dialogue and Material Assessment	
b. Report changes to the list of material topics compared to the previous reporting period.		Section of this Report / Chapter Stakeholder Dialogue and Material Assessment	
3-3 Management of material topics			
a. Describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights;		Section 1 of this Report / Chapter Stakeholder Dialogue and Material Assessment	
b. Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships;		Hemofarm is not involved with actual negative material impacts through its activities or as a result of its business relationships.	
c. Describe its policies or commitments regarding the material topic;		Hemofarm's Sustainability Policy defines its commitment to manage material topics and is published on www.stada.com ; in Q3 2022., STADA initiated the revision of its 2021 Sustainability Policy by defining its clear ESG commitments. This revised Sustainability Policy and ESG Commitments were formally accepted in H2 2023, after all necessary alignments with various workstreams and ESG topics owners within internal stakeholders.	
d. Describe actions taken to manage the topic and related impacts, including:			
i. actions to prevent or mitigate potential negative impacts;		Members of STADA SEC and Hemofarm SMT responsible for specific material topics are in charge for locating, defining, understanding and preventing potential negative impacts with strategic support from the whole STADA SEC and operating support through all adequate functional departments.	
ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation;			
iii. actions to manage actual and potential positive impacts;			
e. Report the following information about tracking the effectiveness of the actions taken:			
i. processes used to track the effectiveness of the actions;		Monthly business reviews, regular STADA SSC / Hemofarm SMT meetings and updates to the SEC / SMT as well as Sustainability Report are used to track the progress in sustainability.	
ii. goals, targets, and indicators used to evaluate progress;		ESG Outlook, with particular workstreams' KPIs (in line with SDGs) act as a blueprint to evaluate progress. Collection of lessons learned resulted in initiating and establishing new Sustainability & ESG Commitments Policy.	
iii. the effectiveness of the actions, including progress toward the goals and targets;			
iv. lessons learned and how these have been incorporated into the organization's operational policies and procedures;			
f. Describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).		Double materiality assessment offered stakeholders overview on current progress of Hemofarm in sustainable development, while sustainability reporting and regularly updated contents on the website and intranet, offer adequate level of transparency on all actions taken.	

DISCLOSURE	REFERENCES
GRI 201: Economic Performance 2016	
<p>201-1 Direct economic value generated and distributed:</p> <p>a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:</p> <p>i. Direct economic value generated: revenues; Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;</p> <p>ii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.</p> <p>b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.</p>	<p>In financial year 2023, Hemofarm AD generated sales of EUR 472,954,566.01 (+18.54% compared to 2022 when EUR 398,987,772.44 were generated) The EBITDA generated in 2023 amounts to EUR 65,663,515.01 (+9.53% compared to 2022 when EUR 59,951,055.55 were generated)</p> <p>More information on financial assets presented within STADA Annual Report 2023 https://www.stada.com/investor-relations/financial-publications/financial-reports</p>
<p>201-2 Financial implications and other risks and opportunities due to climate change:</p> <p>Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:</p> <p>i. a description of the risk or opportunity and its classification as either physical, regulatory, or other;</p> <p>ii. a description of the impact associated with the risk or opportunity;</p> <p>iii. the financial implications of the risk or opportunity before action is taken;</p> <p>iv. the methods used to manage the risk or opportunity;</p> <p>v. the costs of actions taken to manage the risk or opportunity.</p>	<p>No case of a crisis situation that inflicted damage to the company or the environment and local communities was recorded in 2023.</p> <p>Climate change does not significantly affect the company's operations, nor does the company contribute significantly to climate change by performing its activities.</p> <p>Hemofarm plans to re-evaluate climate adaptation aspects to its business in 2024.</p>
<p>201-3 Defined benefit plan obligations and other retirement plans</p> <p>a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities.</p> <p>b. If a separate fund exists to pay the plan's pension liabilities:</p> <p>i. the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them;</p> <p>ii. the basis on which that estimate has been arrived at;</p> <p>iii. when that estimate was made.</p> <p>c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.</p> <p>d. Percentage of salary contributed by employee or employer.</p> <p>e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.</p>	<p>Harmonization of benefit plan obligations and retirement plans at the Group level is ongoing and country-specific conditions will not be highlighted separately in this report. This topic will be presented in more detail in future reports.</p>

DISCLOSURE	REFERENCES									
<p>201-4 Financial assistance received from government</p> <p>a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including:</p> <p>i. tax relief and tax credits;</p> <p>ii. subsidies;</p> <p>iii. investment grants, research and development grants, and other relevant types of grant;</p> <p>iv. awards;</p> <p>v. royalty holidays;</p> <p>vi. financial assistance from Export Credit Agencies (ECAs);</p> <p>vii. financial incentives;</p> <p>viii. other financial benefits received or receivable from any government for any operation.</p> <p>b. The information in 201-4-a by country.</p> <p>c. Whether, and the extent to which, any government is present in the shareholding structure.</p>	<p>/</p> <p>No Group wide global data tracking on this topic has been established yet.</p>									
GRI 202: Market presence 2016										
<p>202-1 Ratios of standard entry level wage by gender compared to local minimum wage</p> <p>a. When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage.</p> <p>b. When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage.</p> <p>c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used.</p> <p>d. The definition used for 'significant locations of operation'.</p>	<p>Standard entry level wages at Hemofarm are above minimum wage rules for all of its employees, with no gender variations.</p>									
<p>202-2 Proportion of senior management hired from the local community</p> <p>a. Percentage of senior management at significant locations of operation that are hired from the local community.</p> <p>b. The definition used for 'senior management'.</p> <p>c. The organization's geographical definition of 'local'.</p> <p>d. The definition used for 'significant locations of operation'.</p>	<p>The "upper management level" (equivalent to senior management) includes all members of SMT, that are also members of STADA Global Leadership Team, comprised of 12 members.</p> <table><tr><td>Total SMT members</td><td>12</td><td></td></tr><tr><td>Same country hired</td><td>9</td><td>75%</td></tr><tr><td>Different country hired</td><td>3</td><td>25%</td></tr></table>	Total SMT members	12		Same country hired	9	75%	Different country hired	3	25%
Total SMT members	12									
Same country hired	9	75%								
Different country hired	3	25%								

DISCLOSURE	REFERENCES
GRI 203: Indirect Economic Impacts 2016	
<p>203-1 Infrastructure investments and services supported</p> <p>a. Extent of development of significant infrastructure investments and services supported.</p> <p>b. current or expected impacts on communities and local economies, including positive and negative impacts where relevant.</p> <p>c. whether these investments and services are commercial, in-kind, or pro bono engagements.</p>	<p>Section 1 of this Report and Section 2 of this Report.</p> <p>More data available in STADA Annual Report 2023 at : https://www.stada.com/investor-relations/financial-publications/financial-reports i na www.stada.com</p>
<p>203-2 Significant indirect economic impacts</p> <p>a. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts.</p> <p>b. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.</p>	<p>UThe 30th anniversary of Hemofarm Foundation and its caring for society and the environment was marked in 2023. Since its foundation in 1993 until end of 2023, Hemofarm Foundation (HFF), conducted a total of 2,400 activities and supported 3,800 young people, future leaders in the healthcare, pharmaceutical, and technology industries. HFF invested more than 14 million EUR in programs for health, education and culture, which makes a difference in society and distinguishes Hemofarm from other companies in pharmaceutical industry. In the period from 2015 to 2023 alone, HFF implemented a support program for more than 75 healthcare institutions worth more than EUR 800,000.00 through donations of medical instruments and equipment to improve patient health and work processes and providing support to professional development of healthcare workers. During the past nine years, HFF has been awarded 57 times for its work at the global, European, regional, and national levels. More than 150 exceptional individuals, experts in the fields of health, education, social responsibility, sustainable development, philanthropy, and culture wrote blogs for HFF on the most current topics in these fields. More details available at https://www.fondacijahemofarm.org.rs/eng</p> <p>HFF's activities are awarded with prestigious domestic and international awards every year. HFF was awarded 18 times for its socially responsible operation in 2023. HFF and 'The Most important Call in Life' campaign received 17 awards in total, specifically: 9 awards at the Integrated Communications Festival KAKTUS: GRAND PRIX award for the best campaign, the award for the best non-profit integrated campaign, the award for the best outdoor campaign, SUPERSTAR award for the project leader on behalf of the company, the awards for art direction, design, copywriting, social networks and media planning. 'The Most important Call in Life' campaign convincingly won the SOCIAL GRAND PRIX 2023 within the CAMPAIGNS WITH PURPOSE and the title of the best socially responsible company in Serbia 2022/23. 'The Most important Call in Life' campaign was awarded a 'SoMoRitanac' award for raising the general public's awareness about a burning issue in the community at the regional 'SoMo Borac' festival in Zagreb. 'The Most important Call in Life' is the recipient of the UEPS Grand Prix for the campaign of the year 2023. The campaign also received a golden award for socially responsible and humanitarian project, a golden award for TV spot and golden and bronze awards for its OOH campaign (waiting for the most important call and a billboard doll). In 2023, Hemofarm Foundation was presented with a certificate of appreciation from the Faculty of Philosophy of the University of Belgrade for its work in mental health area. For 'exceptional contribution to the healthcare system of Serbia and the health of the citizens of Serbia', HFF received the 'Eskulap' recognition which is awarded by the Association of Private Healthcare Institutions of Serbia for launching and implementing the national campaign UNBREAKABLE. The Blood Transfusion Institute of Vojvodina marked its 78th anniversary by presenting recognitions to voluntary blood donors. As a sign of appreciation, we received a recognition for our solidarity and contribution to securing sufficient blood reserves.</p>
GRI 204: Procurement Practices 2016	
<p>204-1 Proportion of spending on local suppliers</p> <p>a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).</p> <p>b. The organization's geographical definition of 'local'.</p> <p>c. The definition used for 'significant locations of operation'.</p>	<p>Section 2 of this Report</p>

DISCLOSURE		REFERENCES
GRI 205: Anti-corruption 2016		
205-1 Operations assessed for risks related to corruption a. Total number and percentage of operations assessed for risks related to corruption b. Significant risks related to corruption identified through the risk assessment.	<p>a. All operations (100%) are in the scope of STADA's compliance management system (including STADA's global Code of Conduct, global Anti-Bribery and Anti-Corruption Policy, and subject to internal audits). Whistleblowing Policy enables employees to submit any suspicion of a corruption case.</p> <p>b. No significant risks (zero cases) related to corruption were identified in Hemofarm in 2023.</p>	
205-2 Communication and training about anti-corruption policies and procedures a. Total number and percentage of governance body members that the organization's anticorruption policies and procedures have been communicated to, broken down by region. b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region. c. Total number and percentage of business partners that the organization's anticorruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations. d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region. e. Total number and percentage of employees that have received training on anticorruption, broken down by employee category and region.	<p>Global Anti-Bribery and Anti-Corruption Policy, along with other global policies and the Code of Conduct, have been presented to all employees and made available to them over Intranet.</p> <p>All employees have been enrolled to the Compliance e-learning covering anticorruption topics. Currently, the overall participation rate is over 98%.</p>	
205-3 Confirmed incidents of corruption and actions taken a. Total number and nature of confirmed incidents of corruption. b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption. c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.	<p>In 2023 there were no confirmed incidents of corruption.</p>	
GRI 206: Anti-competitive Behaviour 2016		
206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices a. Number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant. b. Main outcomes of completed legal actions, including any decisions or judgements.	<p>/</p> <p>STADA's compliance management system is monitoring and preventing the occurrence of any anti-competitive behaviour, anti-trust, and monopoly practices in all Group's operations. By the Code of Conduct, STADA, together with its affiliates like Hemofarm, is committed to a free, fair and undistorted competition. The company expects its employees to act in the course of business in accordance with antitrust laws and must always be aware and comply with applicable laws and regulations and adhere to the principle of fair competition. Whistleblowing Policy enables employees to submit any suspicion of a case relevant for the addresses aspects.</p>	

DISCLOSURE		REFERENCES
GRI 207: Tax 2019		
207-1 Approach to tax A description of the approach to tax, including: i. whether the organization has a tax strategy and, if so, a link to this strategy if publicly available; ii. the governance body or executive-level position within the organization that formally reviews and approves the tax strategy, and the frequency of this review; iii. the approach to regulatory compliance; iv. how the approach to tax is linked to the business and sustainable development strategies of the organization..		All economic performance data, including tax, is presented in STADA Annual Report 2023: https://www.stada.com/investor-relations/financial-publications/financial-reports
207-2 Tax governance, control, and risk management a. A description of the tax governance and control framework, including: i. the governance body or executive-level position within the organization accountable for compliance with the tax strategy; ii. how the approach to tax is embedded within the organization; iii. the approach to tax risks, including how risks are identified, managed, and monitored; iv. how compliance with the tax governance and control framework is evaluated. b. A description of the mechanisms to raise concerns about the organization's business conduct and the organization's integrity in relation to tax. c. A description of the assurance process for disclosures on tax including, if applicable, a link or reference to the external assurance report(s) or assurance statement(s).		
207-3 Stakeholder engagement and management of concerns related to tax A description of the approach to stakeholder engagement and management of stakeholder concerns related to tax, including: i. the approach to engagement with tax authorities; ii. the approach to public policy advocacy on tax; iii. the processes for collecting and considering the views and concerns of stakeholders, including external stakeholders		
207-4 Country-by-country reporting a. All tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes. b. For each tax jurisdiction reported in Disclosure 207-4-a i. Names of the resident entities; ii. Primary activities of the organization; iii. Number of employees, and the basis of calculation of this number; iv. Revenues from third-party sales; v. Revenues from intra-group transactions with other tax jurisdictions; vi. Profit/loss before tax; vii. Tangible assets other than cash and cash equivalents; viii. Corporate income tax paid on a cash basis; ix. Corporate income tax accrued on profit/loss; x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax. c. The time period covered by the information reported in Disclosure 207-4.		

DISCLOSURE	REFERENCES
GRI 301: Materials	
301-1: Materials used by weight or volume Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by: i. non-renewable materials used; ii. renewable materials used.	Section 2 of this Report
301-2: Recycled input materials used Percentage of recycled input materials used to manufacture the organization's primary products and services.	Hemofarm uses recycled cardboard for secondary and transport packing of its products. Quantities of recycled input materials used in 2023 are presented in Section 2 of this Report.
301-3: Reclaimed products and their packaging materials a. Percentage of reclaimed products and their packaging materials for each product category. b. How the data for this disclosure have been collected.	Given that pharmaceutical production involves the creation of products that have a high impact on human health, this kind of reuse of products is currently not possible, in accordance with the laws and regulations of the industry itself.
GRI 302: Energy	
302-1: Energy consumption within the organization a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used. b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used. c. In joules, watt-hours or multiples, the total: i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption d. In joules, watt-hours or multiples, the total: i. electricity sold ii. heating sold iii. cooling sold iv. steam sold e. Total energy consumption within the organization, in joules or multiples. f. Standards, methodologies, assumptions, and/or calculation tools used. g. Source of the conversion factors used.	a. /b. /c: The total fuel energy consumption by fuel type in Hemofarm is presented in Section 2 of this Report a./b. Total energy consumption from production sites, pure office sites and company cars; c. Hemofarm is collecting energy consumption for fossil sources (incl. purchased steam) which is used mainly for heating purposed and electricity; c iii./iv. No separate energy monitoring for cooling and steam available as consumption is covered either in fossil fuel and/or electricity consumption; d. Hemofarm is not selling energy; f. Energy consumption data is based on meter readings and applicable heating value. Source for conversion factors is GHG Protocol.

DISCLOSURE	REFERENCES												
302-2: Energy consumption outside of the organization a. Energy consumption outside of the organization, in joules or multiples. b. Standards, methodologies, assumptions, and/or calculation tools used. c. Source of the conversion factors used.	Not applicable as Hemofarm’s products are pharmaceutical products and do not consume energy.												
302-3: Energy Intensity a. Energy intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all. d. Whether the ratio uses energy consumption within the organization, outside of it, or both.	<p>a. The energy intensity ratio is as follows:</p> <table><tr><th></th><th>2021</th><th>2022</th><th>2023</th></tr><tr><td>Energy consumption in MWh per 1 mill packs (internal production)*</td><td>519.3</td><td>509.3</td><td>543.68</td></tr><tr><td>Energy consumption in MWh / k€ Sales</td><td>0.10</td><td>0.09</td><td>0.88</td></tr></table> <p>b. per 1 mill packs: Energy consumption from STADA Group per 1 mill produced product packages from internal production; per Net revenue: Energy consumption from STADA Group per net revenue of STADA Group, (net revenue resulting from internally and externally produced and sold products) c. energy includes all fuel types as disclosed in GRI 302-1 d. energy intensity ratio is based on energy consumption of STADA There is a centralized data monitoring at STADA level; the reference is STADA Sustainability Report (available at: https://www.stada.com/sustainability/sustainability-report)</p>		2021	2022	2023	Energy consumption in MWh per 1 mill packs (internal production)*	519.3	509.3	543.68	Energy consumption in MWh / k€ Sales	0.10	0.09	0.88
	2021	2022	2023										
Energy consumption in MWh per 1 mill packs (internal production)*	519.3	509.3	543.68										
Energy consumption in MWh / k€ Sales	0.10	0.09	0.88										
302-4: Reduction of energy consumption a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples. b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all. c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. d. Standards, methodologies, assumptions, and/or calculation tools used.	<p>a./</p> <p>b. There is a centralized data monitoring at STADA Group level. The electricity consumption from renewable sources increased in 2023 to a total of 69,295 MWh (2022: 44,110 MWh) resulting from in-house production via photovoltaic cells (Timisoara in Romania & Vietnam factory), switching energy supply contract for our sites in Serbia, UK and Germany, and purchasing Energy Attribute Certificates. The data were taken over from the STADA Sustainability Report 2023 (available at: https://www.stada.com/sustainability/sustainability-report) c./ d. Energy reduction potential is estimated as part of business case calculation.</p>												
302-5: Reductions in energy requirements of products and services a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples. b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. c. Standards, methodologies, assumptions, and/or calculation tools used.	/ Not relevant for Hemofarm’s product portfolio.												

DISCLOSURE	REFERENCES
GRI 303: Water and Effluents	
<p>303-1: Interactions with water as a shared resource</p> <p>a. A description of how the organization interacts with water, including how and where water is withdrawn, consumed, and discharged, and the water-related impacts caused or contributed to, or directly linked to the organization's activities, products or services by a business relationship (e.g., impacts caused by runoff).</p> <p>b. A description of the approach used to identify water-related impacts, including the scope of assessments, their timeframe, and any tools or methodologies used.</p> <p>c. A description of how water-related impacts are addressed, including how the organization works with stakeholders to steward water as a shared resource, and how it engages with suppliers or customers with significant water-related impacts.</p> <p>d. An explanation of the process for setting any water-related goals and targets that are part of the organization's management approach, and how they relate to public policy and the local context of each area with water stress.</p>	<p>a. The efficient use of water is essential for Hemofarm. Water is used at manufacturing sites for manufacturing (including cleaning) and associated auxiliary processes. Water is withdrawn from third party suppliers (municipal water suppliers), and groundwater wells are operated at our sites at Vrsac and Sabac. Water consumption is presented in Section 2 of this Report.</p> <p>b. Water from manufacturing sites is discharged as indirect discharge to public sewer networks and are subject to discharge permit requirements. Hemofarm possesses its own primary wastewater treatment plants. The impact on local water stress is assessed annually using WRI Aqueduct Water Risk Atlas.</p> <p>c) / d) Water consumption is reported quarterly for monthly consumption data and evaluated on site and global level to understand trends and initiate action as required. The regular management business review meetings are used to address relevant water-related impacts and aligning them with stakeholders' requirements and public policies.</p>
<p>303-2: Management of water discharge-related impacts</p> <p>A description of any minimum standards set for the quality of effluent discharge, and how these minimum standards were determined, including:</p> <p>i. how standards for facilities operating in locations with no local discharge requirements were determined;</p> <p>ii. any internally developed water quality standards or guidelines;</p> <p>iii. any sector-specific standards considered;</p> <p>iv. whether the profile of the receiving waterbody was considered.</p>	<p>i) Wastewater management is part of Hemofarm's site HSE MS standards and processes to meet applicable regulatory requirements. Wastewater is discharged from all sites as in-direct discharge to public sewer networks subject to local discharge permit (incl. physical and chemical threshold parameters as well as monitoring requirements). At some sites we also operate waste-water treatment plants before discharge into the municipal sewer and the subsequent treatment by the urban wastewater treatment plant.</p> <p>ii) Wastewater discharge is subject to permit requirements which define our internal specification and therefore there are no specific internally developed water quality standards or guidelines.</p> <p>iii) Hemofarm started to evaluate the application of the AMR IA Antibiotic Manufacturing Standard and plans to evaluate relevant internal production sites in 2024 accordingly.</p> <p>iv) The profile of the receiving waterbody was not considered by Hemofarm as the discharge is in the municipal sewer (indirect discharge) and is subject to the discharge thresholds specified by the operator of the receiving wastewater treatment plant.</p>

DISCLOSURE	REFERENCES
<p>303-3: Water withdrawal</p> <p>a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:</p> <p>i. Surface water;</p> <p>ii. Groundwater;</p> <p>iii. Seawater;</p> <p>iv. Produced water;</p> <p>v. Third-party water.</p> <p>b. Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:</p> <p>i. Surface water;</p> <p>ii. Groundwater;</p> <p>iii. Seawater;</p> <p>iv. Produced water;</p> <p>v. Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv.</p> <p>c. A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:</p> <p>i. Freshwater (≤1,000 mg/L Total Dissolved Solids);</p> <p>ii. Other water (>1,000 mg/L Total Dissolved Solids).</p> <p>d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	<p>a. Presented in Section 2 of this Report.</p> <p>b./c. Information is not fully available as the final source and location of water withdrawal from the municipal supplier is not known. The 2 sites with own groundwater-wells are not located in an area with high water stress.</p> <p>d. Data is based on water meter readings.</p>
<p>303-4 Water discharge</p> <p>a. Total water discharge to all areas in megaliters, and a breakdown of this total by the following types of destination, if applicable:</p> <p>i. Surface water;</p> <p>ii. Groundwater;</p> <p>iii. Seawater;</p> <p>iv. Third-party water, and the volume of this total sent for use to other organizations, if applicable.</p> <p>b. A breakdown of total water discharge to all areas in megaliters by the following categories:</p> <p>i. Freshwater (≤1,000 mg/L Total Dissolved Solids);</p> <p>ii. Other water (>1,000 mg/L Total Dissolved Solids).</p> <p>c. Total water discharge to all areas with water stress in megaliters, and a breakdown of this total by the following categories:</p> <p>i. Freshwater (≤1,000 mg/L Total Dissolved Solids);</p> <p>ii. Other water (>1,000 mg/L Total Dissolved Solids).</p> <p>d. Priority substances of concern for which discharges are treated, including:</p> <p>i. how priority substances of concern were defined, and any international standard, authoritative list, or criteria used;</p> <p>ii. the approach for setting discharge limits for priority substances of concern;</p> <p>iii. number of incidents of non-compliance with discharge limits.</p> <p>e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	<p>a./b. Water of Hemofarm manufacturing sites is discharged into municipal sewer and a constant measurement of discharge quantities is not required at most sites. Reported water discharge therefore is based on water intake used for production, sanitary and auxiliary processes. The amount of collected stormwater runoff discharged into municipal sewer; not collected rainwater runoff (e.g. from roof areas) penetrated into the surface ground or water input into products is not monitored and considered in reported data.</p> <p>d: i., ii.: Discharge limits are defined by the local authority as part of our indirect-discharge permits;</p> <p>e. /</p>

DISCLOSURE	REFERENCES
<p>303-5 Water consumption</p> <p>a. Total water consumption from all areas in megaliters.</p> <p>b. Total water consumption from all areas with water stress in megaliters.</p> <p>c. Change in water storage in megaliters, if water storage has been identified as having a significant water-related impact.</p> <p>d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used, including whether the information is calculated, estimated, modelled, or sourced from direct measurements, and the approach taken for this, such as the use of any sector-specific factors.</p>	<p>Presented in Section 2 of this Report.</p>
GRI 304: Biodiverzitet	
<p>304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</p> <p>For each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas, the following information:</p> <p>i. Geographic location;</p> <p>ii. Subsurface and underground land that may be owned, leased, or managed by the organization;</p> <p>iii. Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas;</p> <p>iv. Type of operation (office, manufacturing or production, or extractive);</p> <p>v. Size of operational site in km2 (or another unit, if appropriate);</p> <p>vi. Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem);</p> <p>vii. Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).</p>	<p>Based on internal evaluation (e.g. using EEA GIS Map application) none of Hemofarm manufacturing sites is located in or adjacent to protected areas and areas of high biodiversity value outside protected areas.</p>

DISCLOSURE	REFERENCES
<p>304-2: Significant impacts of activities, products, and services on biodiversity</p> <p>a. Nature of significant direct and indirect impacts on biodiversity with reference to one or more of the following:</p> <p>i. Construction or use of manufacturing plants, mines, and transport infrastructure;</p> <p>ii. Pollution (introduction of substances that do not naturally occur in the habitat from point and non-point sources);</p> <p>iii. Introduction of invasive species, pests, and pathogens;</p> <p>iv. Reduction of species;</p> <p>v. Habitat conversion;</p> <p>vi. Changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level).</p> <p>b. Significant direct and indirect positive and negative impacts with reference to the following:</p> <p>i. Species affected;</p> <p>ii. Extent of areas impacted;</p> <p>iii. Duration of impacts;</p> <p>iv. Reversibility or irreversibility of the impacts.</p>	<p>Hemofarm's business operations do not exert a significant negative impact on the environment or biodiversity surrounding its manufacturing plants or on the business premises of the company in which its core activity is carried out. In that regard, there are no protected habitats, areas of high biodiversity value outside protected areas or endangered animal and plant species under special protection at the sites at which Hemofarm operates.</p>
<p>304-3 Habitats protected or restored</p> <p>a. Size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals.</p> <p>b. Whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures.</p> <p>c. Status of each area based on its condition at the close of the reporting period.</p> <p>d. Standards, methodologies, and assumptions used.</p>	
<p>304-3: IUCN Red List species and national conservation list species with habitats in areas affected by operations</p> <p>Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk:</p> <p>i. Critically endangered</p> <p>ii. Endangered</p> <p>iii. Vulnerable</p> <p>iv. Near threatened</p> <p>v. Least concern</p>	<p>There are no IUCN Red List species and national conservation list species with habitats in areas affected by Hemofarm's operations.</p>

DISCLOSURE	REFERENCES																				
GRI 305: Emisije																					
<p>305-1 Direct (Scope 1) GHG emissions:</p> <p>a. Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent.</p> <p>b. Gases included in the calculation; whether CO₂ , CH₄ , N₂O, HFCs, PFCs, SF₆ , NF₃ , or all.</p> <p>c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.</p> <p>d. Base year for the calculation, if applicable, including:</p> <p>i. the rationale for choosing it;</p> <p>ii. emissions in the base year;</p> <p>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p> <p>305-2 Indirect (Scope 2) GHG emissions</p> <p>a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.</p> <p>b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.</p> <p>c. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>d. Base year for the calculation, if applicable, including:</p> <p>i. the rationale for choosing it;</p> <p>ii. emissions in the base year;</p> <p>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>The scope 1 and 2 GHG emissions STADA from baseline 2020 to 2023 are as follows (centralized monitoring of data):</p> <table><tr><th>GHG emisije</th><th>2021.</th><th>2022.</th><th>2023.</th></tr><tr><td>Ospeg1 [tone CO₂e]</td><td>38,116</td><td>42,433</td><td>42,696</td></tr><tr><td>Opseg 2 [tone CO₂e]</td><td>76,665</td><td>67,521</td><td>56,542</td></tr><tr><td>Ukupne GHG emisije (Opseg 1 + 2)</td><td>114,781</td><td>109,954</td><td>99,238</td></tr><tr><td>Scope 1 and 2 GHG emissions cumulative change from baseline 2020 [%]</td><td>-12.8%</td><td>-16.5%</td><td>-24.6%</td></tr></table> <p>STADA has committed to reducing its Scope 1 & 2 emission based on the 1.5°C global warming target and has set the goal to reduce its own absolute greenhouse gas emissions (scope 1 and 2) by -42 %. Over the last 3 years, an absolute GHG emission reduction of -24.6% was achieved as a support and balance for the company's growth. The data were taken over from STADA Sustainability Report 2023, available at https://www.stada.com/sustainability/sustainability-report</p> <p>b) CO₂ gases included from fossil fuel consumption</p> <p>c) Not applicable because no direct biogenic CO₂ emissions present</p> <p>d) Base year is 2020</p> <p>f) Consolidation approach based on 'operational control'</p> <p>g) GHG protocol as underlying standard; assumptions/estimates applied in case measured data not available (e.g. GHG emissions resulting from average company car fuel consumption and mileage; energy consumption from offices when measured data not available).</p>	GHG emisije	2021.	2022.	2023.	Ospeg1 [tone CO ₂ e]	38,116	42,433	42,696	Opseg 2 [tone CO ₂ e]	76,665	67,521	56,542	Ukupne GHG emisije (Opseg 1 + 2)	114,781	109,954	99,238	Scope 1 and 2 GHG emissions cumulative change from baseline 2020 [%]	-12.8%	-16.5%	-24.6%
GHG emisije	2021.	2022.	2023.																		
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Scope 1 and 2 GHG emissions cumulative change from baseline 2020 [%]	-12.8%	-16.5%	-24.6%																		

DISCLOSURE	REFERENCES												
<p>305-3 Other indirect (Scope 3) GHG emissions</p> <p>a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO₂ equivalent.</p> <p>b. If available, the gases included in the calculation; whether CO₂ , CH₄ , N₂O, HFCs, PFCs, SF₆ , NF₃ , or all.</p> <p>c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.</p> <p>d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.</p> <p>d. Base year for the calculation, if applicable, including:</p> <p>i. the rationale for choosing it;</p> <p>ii. emissions in the base year;</p> <p>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>Scope 3 emissions data are not available. In 2023 STADA started the internal project to evaluate its scope 3 emissions and is planning to report data in our next Sustainability Report.</p>												
<p>305-4 GHG emissions intensity</p> <p>a. GHG emissions intensity ratio for the organization.</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio.</p> <p>c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>d. Gases included in the calculation; whether CO₂ , CH₄ , N₂O, HFCs, PFCs, SF₆ , NF₃ , or all.</p>	<p>The STADA GHG emissions intensity (scope 1 and 2) is as follows:</p> <table><tr><th>GHG EMISSIONS (SCOPE 1&2)</th><th>2021.</th><th>2022.</th><th>2023.</th></tr><tr><td>T CO₂/mill packs</td><td>180.2</td><td>163.6</td><td>162.95</td></tr><tr><td>Tons CO₂ / k€ Sales</td><td>0.035</td><td>0.029</td><td>0,0265</td></tr></table> <p>c. Includes scope 1 and scope 2 GHG emissions There is a centralized data monitoring at STADA level; the reference is STADA Sustainability Report, available at https://www.stada.com/sustainability/sustainability-report</p>	GHG EMISSIONS (SCOPE 1&2)	2021.	2022.	2023.	T CO ₂ /mill packs	180.2	163.6	162.95	Tons CO ₂ / k€ Sales	0.035	0.029	0,0265
GHG EMISSIONS (SCOPE 1&2)	2021.	2022.	2023.										
T CO ₂ /mill packs	180.2	163.6	162.95										
Tons CO ₂ / k€ Sales	0.035	0.029	0,0265										

DISCLOSURE	REFERENCES								
<p>305-5 Reduction of GHG emissions</p> <p>a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO₂ equivalent.</p> <p>b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>c. Base year or baseline, including the rationale for choosing it.</p> <p>d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>e. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>The reduction of STADA's scope 1 and 2 GHG emissions from baseline 2020 to 2022 are as follows:</p> <table><tr><th>GHG EMISIJE</th><th>2020 – 2021.</th><th>2020 – 2022.</th><th>2020 – 2023.</th></tr><tr><td>Obim 1 i 2 kumulativna promena emisija GHG u odnosu na početne vrednosti 2020. [%]</td><td>-12,8%</td><td>-16,5%</td><td>-24.6%</td></tr></table> <p>STADA has committed to reducing its Scope 1 & 2 emission based on the 1.5°C global warming target and has set the goal to reduce its own absolute greenhouse gas emissions (scope 1 and 2) by -42 % (2020 – 2030). Over the last 2 years we have overachieved an absolute GHG emission reduction of -16.5% overcompensating to growth of the company.</p> <p>b) CO2 gases included from fossil fuel consumption; HFCs</p> <p>c) Base year is 2020 when STADA defined its GHG reduction target</p> <p>d) Scope 1 and 2</p> <p>g) GHG protocol as underlying standard; assumptions/estimates applied in case measured data not available (e.g. GHG emissions resulting from average company car fuel consumption and mileage; energy consumption from offices when measured data not available)</p>	GHG EMISIJE	2020 – 2021.	2020 – 2022.	2020 – 2023.	Obim 1 i 2 kumulativna promena emisija GHG u odnosu na početne vrednosti 2020. [%]	-12,8%	-16,5%	-24.6%
GHG EMISIJE	2020 – 2021.	2020 – 2022.	2020 – 2023.						
Obim 1 i 2 kumulativna promena emisija GHG u odnosu na početne vrednosti 2020. [%]	-12,8%	-16,5%	-24.6%						
<p>305-6 Emissions of ozone-depleting substances (ODS)</p> <p>a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent.</p> <p>b. Substances included in the calculation.</p> <p>c. Source of the emission factors used.</p> <p>d. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>STADA is not involved in production of ODS but is using ODS in its cooling units which are mainly required for HVAC, cooling of production equipment and offices. Equipment is subject to regular inspection as legally required. ODS losses are reported and included in GHG reporting.</p>								
<p>305-7 Nitrogen oxides (NO_x), sulphur oxides (SO_x), and other significant air emissions</p> <p>a. Significant air emissions, in kilograms or multiples, for each of the following:</p> <ul style="list-style-type: none">i. NO_xii. SO_xiii. Persistent organic pollutants (POP)iv. Volatile organic compounds (VOC)v. Hazardous air pollutants (HAP)vi. Particulate matter (PM)vii. Other standard categories of air emissions identified in relevant regulations <p>b. Source of the emission factors used.</p> <p>c. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>STADA is NO_x, SO_x and other air pollutants by the combustion of natural gas which is our main fossil fuel used. Sites are subject to regular emission monitoring following applicable concentration thresholds. Absolute air emissions in kilograms are therefore not tracked and available.</p>								

DISCLOSURE	REFERENCES
GRI 306: Waste	
<p>306-1: Waste generation and significant waste-related impacts</p> <p>For the organization's significant actual and potential waste-related impacts, a description of:</p> <p>i. the inputs, activities, and outputs that lead or could lead to these impacts;</p> <p>ii. whether these impacts relate to waste generated in the organization's own activities orto waste generated upstream or downstream in its value chain.</p>	<p>i. Waste originates from production (main inputs are raw materials, packaging material) and office activities. Waste streams are segregated for recycling or disposal based on local regulatory requirements and local market options for recycling. Outputs include mainly plastic, paper / cardboard, general waste, laboratory waste and others.</p> <p>ii. Data regarding waste generation refers to Hemofarm's own activities.</p>
<p>306-2 Management of significant waste-related impacts</p> <p>a. Actions, including circularity measures, taken to prevent waste generation in the organization's own activities and upstream and downstream in its value chain, and to manage significant impacts from waste generated.</p> <p>b. If the waste generated by the organization in its own activities is managed by a third party, a description of the processes used to determine whether the third party manages the waste in line with contractual or legislative obligations.</p> <p>c. The processes used to collect and monitor waste-related data.</p>	<p>a. Waste management is an integral part of Hemofarm sites' environmental management processes, programs and targets. Waste management is based on the principle to continuously reduce and avoid waste, to increase the ratio between recycling and landfilling and finally to ensure an environmentally safe and compliant disposal via certified waste management companies.</p> <p>b. Waste is further handled by third party waste management companies which are subject to internal control processes (e.g., certified waste management companies; site visits).</p> <p>c. Waste is segregated and collected on-site following defined internal processes. Waste data is monitored by dedicated personnel (e.g., waste records) and recorded for local purposes and reported to global function.</p>

DISCLOSURE	REFERENCES
<p>306-3 Waste generated</p> <p>a. Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste.</p> <p>b. Contextual information necessary to understand the data and how the data has been compiled.</p> <p>306-4 Waste diverted from disposal</p> <p>a. Total weight of waste diverted from disposal in metric tons, and a breakdown of this total by composition of the waste.</p> <p>b. Total weight of hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations:</p> <p>i. Preparation for reuse;</p> <p>ii. Recycling;</p> <p>iii. Other recovery operations.</p> <p>c. Total weight of non-hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations:</p> <p>i. Preparation for reuse;</p> <p>ii. Recycling;</p> <p>iii. Other recovery operations.</p> <p>d. For each recovery operation listed in Disclosures 306-4-b and 306-4-c, a breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste diverted from disposal:</p> <p>i. onsite;</p> <p>ii. offsite.</p> <p>e. Contextual information necessary to understand the data and how the data has been compiled.</p> <p>306-5 Waste directed to disposal</p> <p>a. Total weight of waste directed to disposal in metric tons, and a breakdown of this total by composition of the waste.</p> <p>b. Total weight of hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations:</p> <p>i. Incineration (with energy recovery);</p> <p>ii. Incineration (without energy recovery);</p> <p>iii. Landfilling;</p> <p>iv. Other disposal operations.</p> <p>c. Total weight of non-hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations:</p> <p>i. Incineration (with energy recovery);</p> <p>ii. Incineration (without energy recovery);</p> <p>iii. Landfilling;</p> <p>iv. Other disposal operations.</p> <p>d. For each disposal operation listed in Disclosures 306-5-b and 306-5-c, a breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste directed to disposal:</p> <p>i. onsite;</p> <p>ii. offsite.</p> <p>e. Contextual information necessary to understand the data and how the data has been compiled.</p>	<p>306.3 a; 306.4; 306.5 Presented in Section 2 of this Report / pages 49-51.</p> <p>306-3 b: Reported waste generated includes waste from Hemofarm manufacturing sites. Waste generated from stand-alone office locations is not included. Waste data is reported and consolidated at site level according to applicable legal requirements and reported and consolidated at global level.</p> <p>306-4 b/c: Breakdown by recovery operation not available d) No waste recovery is executed on-site e) Waste data is reported and consolidated at site level according to applicable legal requirements and reported and consolidated at global level.</p> <p>306-5 b ii./iii.: Data split not available as internal reporting does not differentiate accordingly c) Breakdown by recovery operation not available d) No waste disposal is executed on-site e) Waste data is reported and consolidated at site level according to applicable legal requirements and reported and consolidated at global level.</p>

DISCLOSURE	REFERENCES																									
GRI 308: Ekološka procena dobavljača																										
<p>308-1: New suppliers that were screened using environmental criteria</p> <p>Percentage of new suppliers that were screened using environmental criteria.</p>	<p>In 2022, STADA started to set-up its Responsible Procurement program (RP program) and decided to partner with EcoVadis to evaluate the ESG risk and performance of its suppliers. STADA's RP program is headed by our Global Procurement function, including also members from Global HSE, Legal Affairs and Supply Chain departments.</p> <p>Starting 2023, STADA has defined its critical supplier categories and is currently in the process to evaluate them using EcoVadis. By December 31st, 2023, 723 suppliers have already been assessed in EcoVadis for environmental and social criteria.</p> <p>No significant negative environmental impacts in the supply chain were recorded to STADA's knowledge in 2023.</p>																									
<p>308-2: Negative environmental impacts in the supply chain and actions taken</p> <p>a. Number of suppliers assessed for environmental impacts.</p> <p>b. Number of suppliers identified as having significant actual and potential negative environmental impacts.</p> <p>c. Significant actual and potential negative environmental impacts identified in the supply chain.</p> <p>d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment.</p> <p>e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.</p>																										
GRI 401: Employment 2016																										
<p>401-1 New employee hires and employee turnover</p> <p>a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.</p> <p>b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.</p>	<p>STADA offers its employees both performance-oriented as well as demand and market-oriented compensation.</p> <p>Employee turnover in 2023:</p> <table><tr><th>12/2023</th><th>9/2023</th><th>6/2023</th><th>3/2023</th><th>Avg HC 2023</th></tr><tr><td>3,454</td><td>3,412</td><td>3,354</td><td>3,271</td><td>3,353</td></tr><tr><td colspan="4">Total Hires in 2023</td><td>542</td></tr><tr><td colspan="4">Total Leavers in 2023</td><td>273</td></tr><tr><td colspan="4">Fluctuation in 2023</td><td>8.14% (9.37% in 2022)</td></tr></table> <p>Data collection in line with the age, gender and geolocation classification is in place, while the reporting as per specified parameters is not established on the Group level yet.</p>	12/2023	9/2023	6/2023	3/2023	Avg HC 2023	3,454	3,412	3,354	3,271	3,353	Total Hires in 2023				542	Total Leavers in 2023				273	Fluctuation in 2023				8.14% (9.37% in 2022)
12/2023	9/2023	6/2023	3/2023	Avg HC 2023																						
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Total Leavers in 2023				273																						
Fluctuation in 2023				8.14% (9.37% in 2022)																						

DISCLOSURE	REFERENCES
<p>401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees</p> <p>a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation.</p> <p>These include, as a minimum:</p> <ul style="list-style-type: none">i. life insurance;ii. health care;iii. disability and invalidity coverage;iv. parental leave;v. retirement provision;vi. stock ownership;vii. others. <p>b. The definition used for ‘significant locations of operation’</p>	<p>The same benefits are offered to temporary, part time and full time employees.</p> <p>Presented in Section 2 of this Report / page 37.</p>
<p>401-3 Parental leave</p> <p>a. Total number of employees that were entitled to parental leave, by gender.</p> <p>b. Total number of employees that took parental leave, by gender.</p> <p>c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender.</p> <p>d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.</p> <p>e. Return to work and retention rates of employees that took parental leave, by gender.</p>	<p>In accordance with national regulations, employees have the opportunity to take parental leave. Presented in Section 2 of this Report / page 31.</p> <p>Notes:</p> <p>1) The re-entry rate is the ratio between the total number of employees who returned to work after parental leave and the total number of employees whose return to work after parental leave was agreed.</p> <p>2) These include employee resignations and employer terminations, severance agreements and resignations after the expiration of the contract.</p>
GRI 402: Labour/Management Relations 2016	
<p>402-1 Minimum notice periods regarding operational changes</p> <p>a. Minimum number of weeks’ notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.</p> <p>b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.</p>	<p>The defined notice period (minimum notice period) for acceptance of any change within the contract, scope of work, position, remuneration, and other working factors is defined by law in all countries where Hemofarm operates. It is 8 days in Serbia, Bosnia and Herzegovina and is offered to employees throughout the SAP Success Factor online tool with referent email notification. The minimum notice period is defined in the Collective Bargaining Agreement. All compensation changes are monitored via SAP Success Factors approval flows, including HR and the one-over-one approval principle to ensure full compliance with audit standards. Stakeholders, and also shareholders, are involved in remuneration practices via global approval governance.</p>

DISCLOSURE	REFERENCES
GRI 403: Occupational Health and Safety	
<p>403-1: Occupational health and safety management system</p> <p>a. A statement of whether an occupational health and safety management system has been implemented, including whether:</p> <ul style="list-style-type: none">i. the system has been implemented because of legal requirements and, if so, a list of the requirements;ii. the system has been implemented based on recognized risk management and/or management system standards/guidelines and, if so, a list of the standards/guidelines. <p>b. A description of the scope of workers, activities, and workplaces covered by the occupational health and safety management system, and an explanation of whether and, if so, why any workers, activities, or workplaces are not covered.</p>	<p>Presented in Section 2 of this Report.</p>
<p>403-2: Hazard identification, risk assessment, and incident investigation</p> <p>a. A description of the processes used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks, including:</p> <ul style="list-style-type: none">i. how the organization ensures the quality of these processes, including the competency of persons who carry them out;ii. how the results of these processes are used to evaluate and continually improve the occupational health and safety management system. <p>b. A description of the processes for workers to report work-related hazards and hazardous situations, and an explanation of how workers are protected against reprisals.</p> <p>c. A description of the policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health, and an explanation of how workers are protected against reprisals.</p> <p>d. A description of the processes used to investigate work-related incidents, including the processes to identify hazards and assess risks relating to the incidents, to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the occupational health and safety management system.</p>	<p>a. STADA’s global and site level H&S processes on Risk Assessment and Management sets its guidance and requirements based on the hierarchy of risk control, to ensure that a) the risks and impacts of its operations and of external risks to people, the environment, equipment, operations, and property are identified, assessed, and understood; b) appropriate controls are selected to eliminate or reduce risks and environmental impacts; c) issuance of safe work permits for specified high risk activities; d) controls are monitored continually to ensure their effectiveness and the risk re-evaluated in response to incidents or any deterioration in controls; and e) risks and controls are communicated across our organization.</p> <p>b. STADA encourages and promotes a culture of safety where everyone is mindful of hazards and helps to resolve and avoid them by doing the right thing. STADA operates a no blame culture and actively promotes employees to report unsafe acts & unsafe conditions via its near miss program. These are reported and investigated with appropriate actions implemented, to continually look to reduce the likelihood of harm within STADA’s work environments and keep its employees safe. Every employee has also the option to report any issues via the STADA ombudsman.</p> <p>c. STADA’s global and site level H&S processes are defining responsibilities by line management to ensure compliance, show active leadership and promote pro-active HSE culture and for employees to support positive H&S culture and being responsible for their own and other colleagues’ safety and report any H&S non – compliance, incident or near miss situation. Every employee has also the option to report any issues via the STADA ombudsman. Where employees have safety concerns, they are encouraged to stop work and report to line management who can carry out the necessary investigation to evaluate concerns and take any measures required to ensure the work environment is safe for work to continue.</p> <p>d. Health and safety performance at STADA is managed via internal processes that define the requirements for the classification, recording and investigation of accidents. When accidents do occur, our investigations focus on understanding causal factors, identifying the root cause and identifying both corrective & preventative measures to prevent re-occurrence. STADA shares information and lessons learnt from incident investigations across all its operational sites via the HSE Global community. STADA reports lagging indicators (as Lost Time Incident Rate) and leading indicators (as Near Miss Reporting rate). The company analyses data to identify and initiate areas for improvement at the site or global level with each site having discrete individual targets in place.</p> <p>Additional: presented in section 2 of this Report.</p>

DISCLOSURE	REFERENCES
403-3: Occupational health services A description of the occupational health services' functions that contribute to the identification and elimination of hazards and minimization of risks, and an explanation of how the organization ensures the quality of these services and facilitates workers' access to them.	Occupational health support is provided by external professional company doctors / occupational health providers. The services provided to our employees include mandatory medical surveillance, return to work advice and – depending on the local organization – different voluntary health checks-up or consultancy services. Where relevant due to the associated hazards, company doctors are involved in the workplace risk assessments process.
403-4: Worker participation, consultation, and communication on occupational health and safety a. A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers. b. Where formal joint management-worker health and safety committees exist, a description of their responsibilities, meeting frequency, decision-making authority, and whether and, if so, why any workers are not represented by these committees.	a. The active participation of employees is crucial element to enable a safe and healthy working environment. Safety communication is fully embedded at our production site's TIER – meeting process which ensure a structured daily communication about H&S at the shop floor. Through regular communication, training and site-level activities (e.g. ILO World Day for Safety and Health at Work) we ensure workforce engagement and awareness. b. Health & safety committees are in place as legally required and managed locally. These committees typically include representatives from unions/workers council, management representatives, H&S experts and company doctor.
403-5: Worker training on occupational health and safety A description of any occupational health and safety training provided to workers, including generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations.	Occupational health and safety training is provided as integral part of Stada's and Hemofarm's site-level HSE management system (e.g. ISO 45001 certified) and are based on training matrix/need assessment. Trainings include general induction training for new employees, training on the specific work-related hazards and prevention measures and external for specific functions trainings as legally required.
403-6 Promotion of worker health a. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided. b. A description of any voluntary health promotion services and programs offered to workers to address major non-work-related health risks, including the specific health risks addressed, and how the organization facilitates workers' access to these services and programs.	a./b. Hemofarm offers on local level different programs to address general health aspects. This includes local health activities (e.g. in the course of health days), voluntary well-being offers (e.g. fitness centres/sport apps and global initiatives as the 'Health Challenge'.
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships A description of the organization's approach to preventing or mitigating significant negative occupational health and safety impacts that are directly linked to its operations, products, or services by its business relationships, and the related hazards and risks.	There are no significant negative occupational health and safety impacts identified that are directly linked to Hemofarm's operations, products or services by its business relationships, and the related hazards and risks.

DISCLOSURE	REFERENCES
403-8 Workers covered by an occupational health and safety management system a. If the organization has implemented an occupational health and safety management system based on legal requirements and/or recognized standards/guidelines: i. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system; ii. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been internally audited; iii. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been audited or certified by an external party. b. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded. c. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.	All employees (100%) as well as all workers who provide services to Hemofarm at company's sites (100%) are covered by an occupational health and safety management system.
403-9: Work-related injuries a. For all employees: i. The number and rate of fatalities as a result of work-related injury; ii. The number and rate of high-consequence work-related injuries (excluding fatalities); iii. The number and rate of recordable work-related injuries; iv. The main types of work-related injury; v. The number of hours worked. b. For all workers who are not employees but whose work and/or workplace is controlled by the organization: i. The number and rate of fatalities as a result of work-related injury; ii. The number and rate of high-consequence work-related injuries (excluding fatalities); iii. The number and rate of recordable work-related injuries; iv. The main types of work-related injury; v. The number of hours worked. c. The work-related hazards that pose a risk of high-consequence injury, including: i. how these hazards have been determined; ii. which of these hazards have caused or contributed to high-consequence injuries during the reporting period; iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls. d. Any actions taken or underway to eliminate other work-related hazards and minimize risks using the hierarchy of controls. e. Whether the rates have been calculated based on 200,000 or 1,000,000 hours worked. f. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded. g. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.	Presented in Section 2 of this Report / pages 34-37.

DISCLOSURE	REFERENCES
403-10: Work-related ill health a. For all employees: i. The number of fatalities as a result of work-related ill health; ii. The number of cases of recordable work-related ill health; iii. The main types of work-related ill health. b. For all workers who are not employees but whose work and/or workplace is controlled by the organization: i. The number of fatalities as a result of work-related ill health; ii. The number of cases of recordable work-related ill health; iii. The main types of work-related ill health. c. The work-related hazards that pose a risk of ill health, including: i. how these hazards have been determined; ii. which of these hazards have caused or contributed to cases of ill health during the reporting period; iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls. d. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded. e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.	 a. No work-related cases of recognized occupational diseases were recorded in 2022. b. Data not available. c. Work-related hazards that pose a risk of ill health are mainly evaluated through workplace risk assessment. d/e. Not applicable.
GRI 404: Training and Education 2016	
404-1 Average hours of training per year per employee a. Average hours of training that the organization's employees have undertaken during the reporting period, by: i. gender; ii. employee category.	 LMS (Learning Management System) data system is used to aggregate data for the average hours of training per employee, that amounted at 1.6 hours per employee in 2023. i. gender structure is not a reference criterion for implementation of training, but the required expertise and plan of employee development ii all employee categories participated in trainings
404-2 Programs for upgrading employee skills and transition assistance programs a. Type and scope of programs implemented and assistance provided to upgrade employee skills. b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	 Employee training is defined and coordinated by the respective departments on a needs-oriented basis and in accordance with individual development plans (IDP) offered to all employees. Nearly one out of two employees had an IDP documented in the SAP Success Factors Employee Management System in 2023. Several talent development programs (for all leaders and for high potentials) took place and organizational talent reviews (OTRs) were conducted twice during the year. STADA developed its own learning approach consisting of 3 main pillars: learning on the job (70%), social learning (20%), and formal learning (10%).
404-3 Percentage of employees receiving regular performance and career development reviews Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	 100% - All employees within the STADA group did receive feedback.

DISCLOSURE	REFERENCES
GRI 405: Diversity and Equal Opportunity 2016	
405-1 Diversity of governance bodies and employees a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories:	
i. Gender	Board of Directors: Female: 50%, Male 50%, Total 100%
ii. Age group: under 30 years old, 30-50 years old, over 50 years old;	/
iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	/
b. percentage of employees per employee category in each of the following diversity categories:	Calculations based on HC, full-time and permanent employees
i. Gender	/
ii. Age group: under 30 years old, 30-50 years old, over 50 years old;	Presented in Section 2 of this Report.
iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	/ 87 nations are represented in STADA's team
405-2 Ratio of basic salary and remuneration of women to men a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation. b. The definition used for 'significant locations of operation'	/ Standard entry level wages at Hemofarm are above minimum wages prescribed by the law for all the employees, with no gender variations (including ratio of basic salary and remuneration of women to men).
GRI 406: Non-discrimination 2016	
406-1 Incidents of discrimination and corrective actions taken a. Total number of incidents of discrimination during the reporting period. b. Status of the incidents and actions taken with reference to the following: i. Incident reviewed by the organization; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action.	 STADA complies with existing regulations, and therefore is committed to the principle of equal treatment, and pursues violations of the German Non-Discrimination Act (AGG; due to the location of its headquarters or adequate local complementary laws and regulations with other subsidiaries) with disciplinary consequences. In order to promote protection against discrimination in the workplace, employees are, for example, instructed in the applicable non-discrimination policy upon entering the company, and an internal complaints office serves as a contact point. No incidents of discrimination, together with corrective actions taken, were recorded in the reporting period at STADA. According to the Whistleblower Policy STADA's employees are enabled to submit potential cases of violation their rights. No such whistleblowing cases were reported in the reporting year 2023.

DISCLOSURE	REFERENCES
GRI 407: Freedom of Association and Collective Bargaining 2016	
<p>407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</p> <p>a. Operations and suppliers in which workers’ rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of:</p> <p>i. type of operation (such as manufacturing plant) and supplier;</p> <p>ii. countries or geographic areas with operations and suppliers considered at risk.</p> <p>b. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.</p>	<p>/</p> <p>No Group wide global data tracking has been established yet.</p>
GRI 408: Child Labour 2016	
<p>408-1 Operations and suppliers at significant risk for incidents of child labour</p> <p>a. Operations and suppliers considered to have significant risk for incidents of:</p> <p>i. child labour;</p> <p>ii. young workers exposed to hazardous work.</p> <p>b. Operations and suppliers considered to have significant risk for incidents of child labour either in terms of:</p> <p>i. type of operation (such as manufacturing plant) and supplier;</p> <p>ii. countries or geographic areas with operations and suppliers considered at risk.</p> <p>c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labour.</p>	<p>For STADA Operation no such significant risk is identified. In 2022, STADA has started to set-up its Responsible Procurement program (RP program) and decided to partner with EcoVadis to evaluate the ESG risk and performance of its suppliers. No Group wide global data tracking had been established for 2023.</p> <p>To date, the company has not received reports of cases of the employment of minors, or any cases of the violation of labour rights of its employees, on any grounds whatsoever.</p>
GRI 409: Forced or Compulsory Labour 2016	
<p>409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour</p> <p>a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labour either in terms of:</p> <p>i. type of operation (such as manufacturing plant) and supplier;</p> <p>ii. countries or geographic areas with operations and suppliers considered at risk.</p> <p>b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labour.</p>	<p>For STADA Operation no such significant risk is identified. In 2022, STADA has started to set-up its Responsible Procurement program (RP program) and decided to partner with EcoVadis to evaluate the ESG risk and performance of its suppliers (723 suppliers have already been assessed from ESG aspect through this platform). No Group wide global data tracking had been established for 2023.</p> <p>In 2023, the company has not received reports of significant risks for accidents of forced or compulsory labour.</p>

DISCLOSURE	REFERENCES
GRI 410: Security Practices 2016	
<p>410-1 Security personnel trained in human rights policies or procedures</p> <p>a. Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security.</p> <p>b. Whether training requirements also apply to third-party organizations providing security personnel.</p>	<p>The security personnel (either employed with the company or hired through third parties) has to comply with the company Code of Conduct, which applies to all employees individually as well as its ethical principles.</p>
GRI 411: Rights of Indigenous Peoples 2016	
<p>411-1 Incidents of violations involving rights of indigenous peoples</p> <p>a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period.</p> <p>b. Status of the incidents and actions taken with reference to the following:</p> <p>i. Incident reviewed by the organization;</p> <p>ii. Remediation plans being implemented;</p> <p>iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes;</p> <p>iv. Incident no longer subject to action.</p>	<p>Hemofarm does not exert a negative impact on the indigenous populations in the communities in which it performs its activities.</p>
GRI 413: Local Communities 2016	
<p>413-1 Operations with local community engagement, impact assessments, and development programs</p> <p>Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of:</p>	<p>STADA is engaging with local communities, including impacts assessments and development programs through Hemofarm Foundation, its subsidiary from Serbia (covering Serbia, Bosnia and Herzegovina, Montenegro) as well as through as hoc initiatives within different subsidiaries. Since only Hemofarm Foundation has formal local community engagement programs, it would be considered here as the only data source. Compared to number of employees in those countries where the Foundation is active, to all STADA employees, the percentage of the total operations with local community engagement, impacts assessments and development programs amounts at 28%.</p>
<p>i. social impact assessments, including gender impact assessments, based on participatory processes;</p>	<p>Hemofarm Foundation directs its activities into 3 main programs - Program for Health, Program for Education and Program for Culture. Since gender balance is an important ESG KPI for STADA, the Foundation strives to enable full respect for gender balance within all its programs. Also, it assesses the needs of vulnerable groups including gender impacts i.e. within LGBTIQ+ population.</p>
<p>ii. environmental impact assessments and ongoing monitoring;</p>	<p>In accordance with the assessment of the impact of climate change on the environment in Serbia, Bosnia and Herzegovina and Montenegro, the Hemofarm Foundation initiated a continuous afforestation of endangered areas, which has so far planted hundreds of trees in order to preserve local ecosystems, with a special focus on preventing soil erosion due to floods.</p>
<p>iii. public disclosure of results of environmental and social impact assessments;</p>	<p>Regular activity reports are publicly available at: Hemofarm Fondacija - IZVEŠTAJI O RADU (fondacijahemofarm.org.rs)</p>

DISCLOSURE		REFERENCES	
iv. local community development programs based on local communities' needs;		Main programs of the Foundation are indicated under 'i', while one of the examples hosted by Program for Health is project 'A Cup of Coffee with a Psychologist'. In order to point out the importance of mental health and encourage the public to seek help from experts, Hemofarm Foundation has launched this project, with the aim to influence general public's awareness that mental health must be taken care of in the same way as physical health, and that mental health disorders are not a personal weakness, but rather a health problem for which there is an adequate solution if expert assistance is sought in time. 'A Cup of Coffee with a Psychologist' project has been conceived as a series of free-of-charge sessions with psychologists at which all interested parties can get an insight into particular psychological conditions and obtain advice on whom to address for getting support. The panel sessions are an opportunity to talk about mental health openly with experts – psychologists and psychiatrists, as well as with the representatives of relevant institutions and public figures who have personally coped with some of such problems in their life. 'A Cup of Coffee with a Psychologist' project has been implemented with the support of the Psychology Institute within the Faculty of Philosophy in Belgrade, and in partnership with Art Commune Dorćol Platz. From 2019 to the end of 2023, Hemofarm Foundation organized 33 'A Cup of Coffee with a Psychologist' panel sessions in total, wherein the most renowned experts from the areas of psychology and psychiatry, and the persons who bravely shared their experiences, participated as the panellists. The number of 'A Cup of Coffee with a Psychologist' organic views on YouTube is nearly 800,000. In 2023, four 'A Cup of Coffee with a Psychologist' panel sessions were organized in front of a packed hall at Dorćol Platz and the Leskovac Cultural Center on the topics: 'Love(s): What is love?' 'What is the illusion of love?', 'Mental health of people in Serbia – Is it true that further south you go the sadder it gets?', 'Serbia after tragedies - Do we have empathy?' and 'Life with depression'. The panel session organized on the World Mental Health Day, October 10th, on the topic 'Life with depression' is particularly noticeable. In this panel session Aleksandar Stanković, HRT Journalist and author of the book 'Crawling Out of Your Skin: Life with Depression' spoke about his 14-year battle against depression. 'A Cup of Coffee with a Psychologist' was the first public event in Serbia where Aleksandar talked about his mental health ahead of the promotion of the book, which was held on October 20, 2023. This panel session has had over 110,000 views on the YT channel to date and is considered the second most successful session organized by Hemofarm Foundation since 2019. An initiative to start this project came from medical doctors and media professionals, who are the members of the Management Board of the Foundation https://www.fondacijahemofarm.org.rs/eng/ko-smo-mi/nas-tim , based on perceived important social problems brought about by mental health problems. More examples of community development programs are available at: https://www.fondacijahemofarm.org.rs/eng/sta-radimo .	
v. stakeholder engagement plans based on stakeholder mapping;		More than 150 exceptional individuals, experts in the fields of health, education, social responsibility, sustainable development, philanthropy, and culture wrote blogs for Hemofarm Foundation on the most current topics in these fields. Content available at: https://www.fondacijahemofarm.org.rs/eng/blog	
vi. broad based local community consultation committees and processes that include vulnerable groups;		Hemofarm Foundation is the founder and member of the Serbian Philanthropic Forum and a member of the European Philanthropic Association, which gathers 10,000 profit and non-profit foundations from 30 European countries. These institutions include assessing the needs of vulnerable groups like migrants, LGBTIQ+ and others. Humanitarian aid, inter alia, has been collected for NURDOR (National Association of Parents of Children with Cancer in Serbia), Shelter for Parentless Children, Shelter for Adults and Elderly People, and others.	
vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts;		All STADA's formal employee bodies in the countries where Hemofarm Foundation is active are encouraged to participate in the process of social partnership for the benefit of the community. One of such examples was collecting goods to donate to Ukraine, after the war started there.	
viii. formal local community grievance processes.		The entire public in the areas where the Foundation is active is invited to point out all key issues of social importance, including complaints and objections, to publicly available contacts. The Foundation actively considers all types of externally initiated communication and, in accordance with the conclusions, proposes further action, addressing institutions of public importance, which can be involved in solving localized social problems. Contacts are available from the Foundation's website: https://www.fondacijahemofarm.org.rs/eng	

DISCLOSURE		REFERENCES
413-2 Operations with significant actual and potential negative impacts on local communities		No case of a crisis situation or significant actual and potential negative impacts on local communities in the areas of Hemofarm's operations was recorded in 2023.
Operations with significant actual and potential negative impacts on local communities, including: i. the location of the operations; ii. the significant actual and potential negative impacts of operations.		
GRI 414: Supplier Social Audit		
414-1: : New suppliers that were screened using social criteria		In 2022, STADA started to set-up its Responsible Procurement program (RP program) and decided to partner with EcoVadis to evaluate the ESG risk and performance of its suppliers. This program is headed by Global Procurement function, including also members from Global HSE, Legal and Supply Chain. Starting 2023, STADA has defined its critical supplier categories and is currently in the process to evaluate them using EcoVadis. By December 31st, 2023, 723 suppliers have already been assessed in EcoVadis for environmental and social criteria.
Percentage of new suppliers that were screened using social criteria.		
414-2: Negative social impacts in the supply chain and actions taken		No Group wide global data tracking for 2023 had been established.
a. Number of suppliers assessed for social impacts.		
b. Number of suppliers identified as having significant actual and potential negative social impacts.		
c. Significant actual and potential negative social impacts identified in the supply chain.		
d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.		
e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.		
GRI 415: Public Policy 2016		
415-1 Political contributions		In 2023, as in the previous reporting cycles, Hemofarm did not receive or grant any types of donations, either in kind or in money, to political parties, politically active persons, or political and state institutions.
a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary.		
b. If applicable, how the monetary value of in-kind contributions was estimated.		

DISCLOSURE		REFERENCES
GRI 416: Customer Health and Safety 2016		
<p>416- Assessment of the health and safety impacts of product and service categories</p> <p>Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.</p>		<p>Within pharmacovigilance all products (100%) are obligatory monitored for health and safety impacts (pharmaceutical industry requirements). An Adverse Drug Reaction (ADR) in pharmacovigilance is defined as an unintended or undesired harmful reaction occurring at doses normally used by a patient for the diagnosis, treatment, or prevention of a disease. Simply put, these are unexpected medical issues that occur due to medication use. ADRs are key concerns in pharmacovigilance, the science and activities related to the detection, assessment, understanding, and prevention of adverse effects or any other possible drug-related problems. Adverse reactions could be minor like a rash, or more severe like organ failure, and in extreme cases can even lead to death. They can occur immediately after administration, or they can take time to develop. Identifying ADRs, and working to reduce their occurrence is a crucial part of pharmacovigilance. This includes post-market surveillance where the safety of drugs is monitored in large numbers of patients in the 'real-world' setting post approval, in addition to regulated clinical trials carried before the drug's approval. This also involves communicating the risk associated with medicines to healthcare professionals and the public, as well as implementing strategies to minimize any potential risk.</p> <p>Presented in Section 2 of this Report.</p>
<p>416-2 Incidents of non-compliance concerning the health and safety impacts of products and services</p> <p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by:</p> <ul style="list-style-type: none">i. incidents of non-compliance with regulations resulting in a fine or penalty;ii. incidents of non-compliance with regulations resulting in a warning;iii. incidents of non-compliance with voluntary codes. <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>		<p>Hemofarm's quality and pharmacovigilance management system is monitoring and preventing the occurrence of incidents of non-compliances with regulations and/or voluntary codes regarding the health & safety of our products.</p> <p>Over the course of 2023, there were no instances of product non-compliance with the regulations resulting in a fine or penalty or warning.</p>
GRI 417: Marketing and Labelling 2016		
<p>417-1 Requirements for product information and labelling</p> <p>a. Whether each of the following types of information is required by the organization's procedures for product and service information and labelling:</p> <ul style="list-style-type: none">i. The sourcing of components of the product or service;ii. Content, particularly with regard to substances that might produce an environmental or social impact;iii. Safe use of the product or service;iv. Disposal of the product and environmental or social impacts;v. Other (explain). <p>b. Percentage of significant product or service categories covered by and assessed for compliance with such procedures.</p>		<p>Labelling is defined as written, printed or graphical matter on any article or container, which provides adequate and necessary information about the product. The purpose of labelling of medicines is the clear and unambiguous identification of the medicine and the conditions for its safe use, prescribed by strict and demanding legal regulations and pharmaceutical standards. Hemofarm applies mandatory information to its products to meet the standards of product safety.</p>

DISCLOSURE	REFERENCES
<p>417-2 Incidents of non-compliance concerning product and service information and labelling</p> <p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling, by:</p> <p>i. incidents of non-compliance with regulations resulting in a fine or penalty;</p> <p>ii. incidents of non-compliance with regulations resulting in a warning;</p> <p>iii. incidents of non-compliance with voluntary codes.</p> <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>	<p>/</p> <p>b. Hemofarm's quality and pharmacovigilance management system is monitoring and preventing the occurrence of incidents of non-compliances with regulations and/or voluntary codes regarding product and service information and labelling.</p> <p>There were no material instances of non-compliance of Hemofarm products with the regulations resulting in any material fine or penalty or warning over the course of 2023 concerning product and service information and labelling.</p>
<p>417-3 Incidents of non-compliance concerning marketing communications</p> <p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by:</p> <p>i. incidents of non-compliance with regulations resulting in a fine or penalty;</p> <p>ii. incidents of non-compliance with regulations resulting in a warning;</p> <p>iii. incidents of non-compliance with voluntary codes.</p> <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>	<p>/</p> <p>In 2023, there were no material incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications at Hemofarm, including advertising, promotion and sponsorship.</p>
GRI 418: Customer Privacy 2016	
<p>418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data</p> <p>a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by:</p> <p>i. complaints received from outside parties and substantiated by the organization;</p> <p>ii. complaints from regulatory bodies.</p> <p>b. Total number of identified leaks, thefts, or losses of customer data.</p> <p>c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.</p>	<p>a. There have been no substantiated material complaints concerning breaches of customer privacy by outside parties, organizations or regulatory bodies.</p> <p>b. There were no leaks, thefts, or losses of customer data in 2023.</p>

Independent Auditor’s Report



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**INDEPENDENT PRACTITIONER’S ASSURANCE REPORT
TO THE MANAGEMENT OF HEMOFARM A.D. VRŠAC**

Scope

We have been engaged by Hemofarm a.d. Vršac to perform a ‘limited assurance engagement’, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Hemofarm a.d. Vršac qualitative and quantitative disclosures (the “Subject Matter”) contained in Sustainable Development Report for the period from 1 January 2023 to 31 December 2023 (the “Report”).

Criteria applied by Hemofarm a.d. Vršac

In preparing the qualitative and quantitative disclosures contained in the Sustainable Development Report, Hemofarm a.d. Vršac applied the requirement as set in the Global Reporting Initiative Sustainability Reporting Standards’ (‘GRI Standards’) (the „Criteria“).

Hemofarm a.d. Vršac responsibilities

Company’s management is responsible for selecting the Criteria, and for presenting the Sustainable Development Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Practitioner’s responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (‘ISAE 3000 (Revised)’). Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

PIB: 101824091 • Matični broj: 17155270
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Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the qualitative and quantitative disclosures contained in Sustainable Development Report for the period from 1 January 2023 to 31 December 2023, and applying analytical and other appropriate procedures.

Our procedures included:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement;
- Assessment of the process for conducting the materiality analysis in accordance with the GRI Criteria;
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and disclosures in the Report;
- Identification of the risks of material misstatement of the Report under consideration of the GRI Criteria;
- Analytical procedures on qualitative and quantitative disclosures presented in the Report;
- Evaluation of the presentation of the qualitative and quantitative disclosures in accordance with the GRI Criteria;
- Review of the GRI Content Index and the references included therein, against the GRI Standards' requirements.

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Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that need to be made to qualitative and quantitative disclosures contained in the Sustainable Development Report for the period from 1 January 2023 to 31 December 2023, in order for it to be in accordance with the Criteria.

Belgrade, 31 May 2024



Danijela Mirković
Authorized Auditor
Ernst & Young d.o.o. Beograd



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