



# 2022 HEMOFARM'S SUSTAINABILITY REPORT

Caring for People's Health as a Trusted Partner

Hemofarm A.D. Sustainability Report has been prepared for the eleventh 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 105 indicators.

Independent auditing company Ernst & Young d.o.o. Beograd has verified the compliance of the Report for 2022 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 2021.

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Any questions, suggestions, and dialogue on the topic of sustainable development can be addressed by e-mail to:  
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# CEO'S FOREWORD

Dear reader,

It is with a great pleasure and profound responsibility that we present to you our 11<sup>th</sup> Report on Sustainable Development, which depicts the ESG journey of Hemofarm in 2022. By this report, we are simultaneously opening the second decade of reporting on the sustainability of our business.

Transparency, commitment, and continuous learning are the key ingredients of our success, which are woven into everything we do, including all our ESG efforts towards a better society and environment. That is why I proudly say that we have been and still are the regional leader in the field of sustainable development. Perhaps the most valuable aspect of this very binding title is precisely the fact that we have developed our entire sustainable development program locally, over the course of the last decade, while learning from own challenges, and finally weaving our insights, knowledge, and skills into the global ESG strategy of STADA Group, within which Hemofarm operates. Multinational companies usually have a different way of doing business localizing their umbrella strategies in the countries in which they operate.

Financial results are only one aspect of our success, which gains a real meaning only when the value we bring to society, the contribution to a healthier planet, and all our steps to ensuring a sustainable future have been added to it. This is precisely the purpose of this report – to illustrate our challenges, accomplishments, goals, and determination to improve our sustainable development practices. Looking back to 2022, it also shows our contribution to achieving the United Nations Sustainable Development Goals, in a very dynamic environment, which defines a continuous quest for a balance between global uncertainties and local needs.

We have given our best to put all the heritage from the previous 62 years of growth and development of the company to the purpose of caring for people's health, offering a portfolio of around 450 products, with a new annual record output of 308 million produced finished product packs or 7.06 billion produced units in total. Already now, hypothetically speaking, it is almost the same as if almost every inhabitant of the planet Earth used at least one unit of our product. I am sharing this

comparison with you not to brag about our success, but to show you how big and significant the impact of companies like Hemofarm is, and how important it is that everything we do is sustainable and aligned with the real needs of the society and the environment. There are many more interesting comparisons that come to my mind when I look back at Hemofarm in 2022, but let's leave the magic of numbers, the sustainable ones, for your further exploration of this report and Hemofarm's sustainable development.

The principal challenge of the 21<sup>st</sup> century, which our generation needs to deal with, is sustainable growth. Transforming this enormous challenge into real chances and opportunities will require us to collaborate and align our individual goals with global sustainable aspirations. In this, I see a great role of our youngest colleagues, who should help us connect knowledge and experience with new views of the world in which digital information, as a new currency, travels faster than ever, and a world in which ESG is one of the basic predispositions of *modus vivendi*. As we move through the complexity of the global agenda, I am delighted by Hemofarm's unwavering commitment to sustainability, which is recognized in our business policies, processes, and people. I believe that our journey towards sustainability will ensure even greater trust and strengthen our integrity not only among our stakeholders but also among the communities we serve.

Through this report, we invite you on our journey towards sustainability, showing our current progress and laying the foundations for the future. In 2023, we are going to offer an even more concrete ESG experience based on the concept of building resilience through the manifestation of sustainability, but I shouldn't give away everything...

I sincerely thank all the members of the Hemofarm team, partners, associates, and stakeholders who continued to support us and believe in our mission and vision. Let's make a bigger difference together by creating a sustainable future for all.

Sincerely,  
**Dr Ronald Seeliger,**  
*CEO Hemofarm*





## STADA CEO'S MESSAGE

The measure of success extends beyond financial performance. It is fundamentally embedded in our ability to create a lasting positive impact on society, on employees, and on the environment. As STADA steps boldly into the future, our approach to corporate sustainability continues to reshape how we understand our role as a global healthcare provider and a trusted partner in a rapidly evolving world.

**Peter Goldschmidt**  
*CEO, STADA*





KEY WORD:  
BALANCE

To me, balance is a word with a capital 'B'. Not only because it is important to find it in our own lives and in everything we do, but because it is the fuel of sustainable development. Our efforts to make the world a better place must be balanced because all the efforts of those who recycle are in vain as long as there are others who pollute without a blink of an eye. There are a lot of such parallels, but there is only one essence – the sustainable future is possible only when each individual gives their own contribution.

Another balance that I would like to talk about today is the balance of the genders or their equality. Hemofarm is proud of its team made up mostly of women, as they account for a record-breaking 65% at management positions in Hemofarm. European regulations aim to enact an obligation of equal representation of women in corporate governance, so allow me to express myself in the language of the younger members of our team: 'challenge accepted'. At the same time, I invite other companies to follow our example – I challenge them!

A balance I could also talk about is a multicultural and inclusive community within Hemofarm which significantly contributes to a figure of 87 nationalities present at STADA Group in total. We consider uniqueness and diversity to be our greatest asset and strength because they allow us to constantly learn something new from each other, thus becoming a better version of ourselves, and, as teams, more resilient to challenges.

My favourite balance, to which I am going to draw your attention today, is an invisible balance that slowly enters our practice, without us perhaps even being aware of it. Or maybe we do not understand it rationally enough - the balance of generations. Already at the start, with all due respect to my generation, our experience and abundance of our knowledge pool, my ten points go to generation 'Z'. Because they are brave, ready to ask a million questions, stick to their attitude in a somewhat cheeky way (which is acceptable as long as it is within a decent and business-appropriate zone), because they were born ready to type with both hands, think visually and vertically, and above all - they open up for us a window to a completely new world of perception of the present and the future.

I think that the role of young people in ESG and sustainable development in general is major and multi-layered. They are the driving force of changes: young people are often perceived as the main drivers of the social, economic, and political changes. They are at the forefront of innovations and can be leaders in creation and application of sustainable technologies. They are born entrepreneurs. Likewise, young people often play a decisive role in the education of their community about the importance of sustainability, raising the awareness about the issues, such as the climate change and environmental protection.

Young people must be allowed to take an active part in political and decision-making processes, particularly in terms of sustainability. They are very open-minded and often use new technologies, which allows them to engage in innovative approaches to solving problems related to sustainable development.

There are many more roles and reasons why the world rests on young people, but one thing is certain - all these roles imply that it is necessary to provide rights, resources, and education to young people so that they can participate and contribute to sustainable development. Guided by the idea that all our knowledge and skills make sense only when we offer them to younger colleagues, trying to help each other to better understand the world we travel towards together, it is necessary to change the mantra from 'the world rests on the young' to 'the world survives with the young'. For that very reason, we will offer the young people to be active drivers of changes on the path of our ESG efforts to make the planet a better place. On that account, I will always advocate for a balance of knowledge and experience and a balance of generations in our team.

**Sanda Savić,**

SSenior Director Corporate Affairs  
and Communications, Hemofarm





# TABLE OF CONTENTS

• CEO's Foreword .....	04
• STADA CEO's message .....	06
• Key Word: Balance .....	08

## Section 1:

• Sustainability at Hemofarm with Company Profile .....	14
• Stakeholder Dialogue and Material Assessment .....	22
• Hemofarm's ESG performances .....	31

## Section 2:

### HEMOFARM'S CONTRIBUTION TO THE SDGS

<b>SDG 3 - GOOD HEALTH AND WELL-BEING:</b> <b>Caring for People's Health</b> .....	36
• Introduction with reflection on Hemofarm's Material Topics	
• Hemofarm's ESG Initiatives	
<b>SDG 8 - DECENT WORK AND ECONOMIC GROWTH:</b> <b>Caring for Employees</b> .....	46
• Introduction with reflection on Hemofarm's Material Topics	
• Hemofarm's ESG Initiatives	
<b>SDG 9 - INDUSTRY, INNOVATION, AND INFRASTRUCTURE:</b> <b>Caring for the Society</b> .....	60
• Introduction with reflection on Hemofarm's Material Topics	
• Hemofarm's ESG Initiatives	
<b>SDG 12 - RESPONSIBLE PRODUCTION AND CONSUMPTION:</b> <b>Caring for better Future</b> .....	72
• Introduction with reflection on Hemofarm's Material Topics	
• Hemofarm's ESG Initiatives	
<b>SDG 17 - PARTNERSHIP FOR THE GOALS:</b> <b>Hemofarm as a Trusted Partner</b> .....	84
• Introduction with reflection on Hemofarm's Material Topics	
• Hemofarm's ESG Initiatives	

## Section 3:

• Reporting Framework .....	96
• GRI Index .....	100
• Independent Auditor's Report .....	142





# Sustainability at Hemofarm

01  
SECTION



## About Hemofarm

# COMPANY PROFILE IN 2022

**Hemofarm<sup>1,2,3</sup> 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.<sup>4</sup>**

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 24.6 % by volume, or 11.2 % by value. In financial year 2022, Hemofarm generated sales of around € 400 million (+ 20.81 % compared to 2021), and EBITDA of almost € 60 million (+ 7.94 % compared to 2021).<sup>5</sup>

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 465 SKUs (products in different forms and doses) and covers almost all therapeutic areas (by ATC classification). Owing to the strong 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. In addition to its basic feature - prevention and relief of certain discomforts - Consumer Healthcare products are marketed also with a focus on awareness and trust in the particular company brand, as well as a support to healthcare professionals through important addition of essential products for the treatment within various therapeutic areas. While the company has many strong brands with leading positions in their respective markets, CHC portfolio has been additionally diversified with the top ten consumer healthcare products, holding the leading position in the Serbian pharmaceutical market (with a share of 10.7 % by value) in 2022.

*Hemofarm's ten top-selling CHC brands (and their respective therapeutic areas) in 2022 were: Probiotic (gastrointestinal tract), Buscopan (gastrointestinal tract), Hepathrombin (circulatory system), Snup (cough & cold), Febricet (cough & cold), Pressing (allergy), Magnetrans (vitamins and minerals), Dulcolax (gastrointestinal tract), Mycoseb (derma), Panlax (gastrointestinal tract).*

**Generics (Gx)** - comprises prescription drugs sold under an International Non-Proprietary Name (INN Generics)<sup>6</sup>. Generics offer a lower cost alternative to the substantially more expensive pharmaceutical originator products, whereby the potential pharmaceuticals availability is automatically increased. Most of the



products in the Generics segment require a prescription for purchase and are only available from pharmacies and hospitals. The Gx market is generally characterized by regulated pricing, with competition driven by the reliability of supply and cost competitiveness. Patent expirations of originator drugs feed the product pipeline in the Gx segment<sup>7</sup>, allowing the Company to leverage its distribution channels and local market knowledge to launch new generic products. The generics portfolio is diversified, with the top ten products accounting for approximately 43 % of sales in the Gx segment in 2022.

*Hemofarm's ten top-selling INNs (and their respective therapeutic areas) in this segment in 2022 were: ocrelizumab (antineoplastic and im-*

*munomodulating agents), bromazepam (nervous system), lorazepam (nervous system), metformin (digestive tract and metabolism), amoxicillin (anti-infectives), clavulanic acid (anti-infectives), azithromycin (anti-infectives), bisoprolol (cardiovascular system), sodium chloride (blood and blood-forming organs), diclofenac (musculoskeletal system), methylprednisolone (endocrinology)*

Apart from CHC and Generics, which are the pillars of Hemofarm's business, the company operates also in the Specialties segment through the product portfolio of STADA Group.<sup>8</sup>

<sup>01</sup> 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.

<sup>02</sup> Company is headquartered at Beogradski put bb, 26300, Vršac, while the Business Centre is based at Prote Mateje 70, 11000 Belgrade.

<sup>03</sup> 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.

<sup>04</sup> Hemofarm is active in pharmaceutical and healthcare sectors.

<sup>05</sup> The accurate amount of Hemofarm's sales in 2022 was: € 398,987,772.44, while the generated EBITDA was: € 59.951.055,55.

<sup>06</sup> Generic pharma products also support access to medicines opportunities being more affordable so lowering the pressure on healthcare system.

<sup>07</sup> In accordance with the relevant laws regulating global and local pharmaceutical market and industry.

<sup>08</sup> Considering that Hemofarm is a part of STADA Group, in addition to the two mentioned segments (CHC/OTC and Gx), the portfolio also covers Specialties which comprise the following three product sub-classes: a) Branded generics, i.e. prescription generics which, as opposed to INN Generics, are sold under a brand/fantasy name, b) Specialty generics in accordance with the definition from IQVIA, i.e., prescription drugs for chronic, complex or rare diseases, and c) Biosimilars, i.e. biologic medical products that are almost an identical copy of an original product made by a different company. Unlike generic drugs of the more common small-molecule type, biologics contain active substances from a biological source, such as insulin, growth hormones or monoclonal antibodies ("mabs") – and are often produced by cutting-edge technology. Despite that heterogeneity, biosimilars must maintain consistent quality and clinical performance throughout their lifecycle. The Group is continuously expanding its existing range of products in the Specialty segment, and the top ten Specialty products accounted for approximately 60% of sales in the segment in 2022.



# Quick Facts Sheet 2022:

## Continuous development:

MORE THAN  
**62**  
YEARS

of growth and development of  
a trusted pharmaceutical brand;<sup>9</sup>

AN IMPORTANT MANUFACTURING ASSET  
OF STADA GROUP, WITH A PRESENCE  
IN 34 STATES ON FOUR 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% (+10% compared to 2021), CHC 30% (+8.2% compared to 2021).
- Diversified portfolio includes 448 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 WHO listed essential medicines or 122 out of 544 medicines listed.
- WHO listed essential medicines or 122 out of 544 medicines listed.<sup>10</sup>

## People:

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

OUT OF  
**4,086**

(3,600 in 2021) Hemofarm  
Group employees, 3,185 (2,931  
in 2021) are employed with  
Hemofarm a.d.

GENDER BALANCE:

**65%**

(↑) share of  
**WOMEN**  
at management  
levels.



## Production:

**7.06 billion**

UNITS PRODUCED IN TOTAL  
(↑+6.8%, 6.6 billion in 2021)

**308 million**

PACKS OF FINISHED PRODUCTS  
(↑+7.32%, 287 million in 2021)

## DOUBLE-DIGIT SALES AND PROFIT GROWTH:

In total, the strong combined performance  
of the Consumer Healthcare and Generics  
resulted in reporting a **20.81 %** rise in adjusted  
sales in 2022, significantly above the market  
average. Commercial agility and tight cost  
discipline contributed to a **7.94 %** increase in  
adjusted EBITDA.

## Investments (Mio EUR) / Total 30.3 (39.7 in 2021):

**83.4%**  
INVESTMENTS

in property, plant and equipment  
(€ 25.5 million)

**16.6%**  
INVESTMENTS

in intangible assets  
(€ 5 million)



**Ronald Seeliger**  
CEO



**Dejan Ivanović**  
Operation Cluster  
Head SEERU



**Nikola Turkan**  
Senior Director of  
Finance (CFO)



**Saša Urošević**  
SSenior 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 (composed of a total of 6 members in a core and 11 members in an extended composition, together with the CEO).

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 open towards STADA Group to the maximum level, 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.<sup>11</sup>

<sup>9</sup> Detailed history of the company and its manufacturing sites and business centres is available at Hemofarm – About us – Representative Offices  
<sup>10</sup> Including least-developed countries (LDCs), low-income countries (LICs), low-middle income countries (LMICs) and upper middle income countries.

<sup>11</sup> Available to all stakeholders at the corporate website.

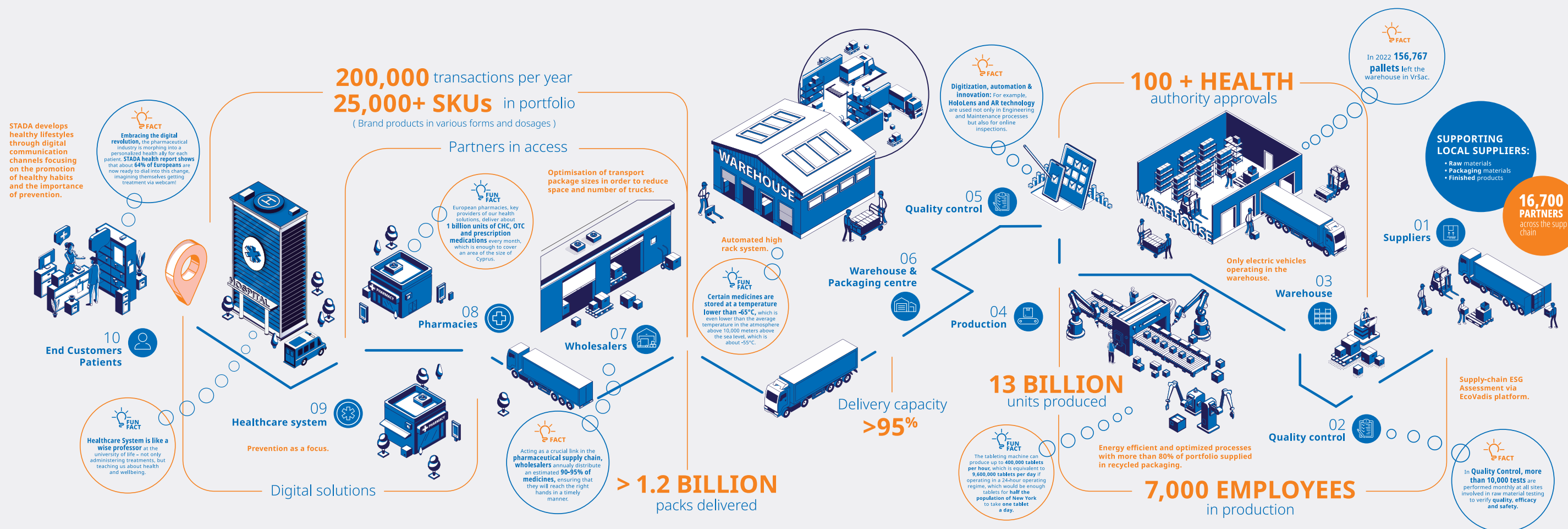
# STADA'S PRODUCTION SITES WORLDWIDE

20 FACTORIES  
in 11 COUNTRIES  
STADA'S TECHNICAL OPERATIONS





# STADA'S PRODUCTION AND SUPPLY CHAIN<sup>12 13</sup>



<sup>12</sup> 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.

<sup>13</sup> Data presented on the visual originate from the mobile exhibition STADA EXPO, showing company profile with ESG performance, that would be launched in 2023.

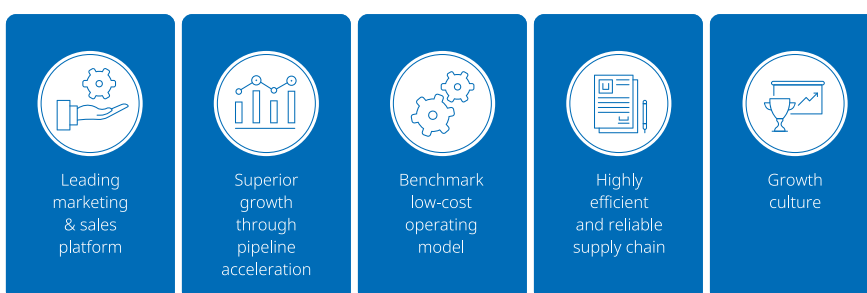
# STAKEHOLDER DIALOGUE AND MATERIAL ASSESSMENT

Compared to the previous cycle of reporting on sustainable development, it is necessary to note several important factors that are reflected on the review of the entire ESG ecosystem in which Hemofarm operates. First of all, Hemofarm's sustainable development reporting program served as the basis for establishment of a global ESG program at the STADA Group level, within which Hemofarm operates. In this respect, a global report concept was created, according to which the data is presented in this specific sustainability report, which consists of three parts:

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, a joint stakeholder dialogue, the ninth in a row for Hemofarm, and the second 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 at 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 within the triptych-type concept of sustainability reporting before, during and after the coronavirus pandemic (2019-2020-2021). Such a concept has enabled conducting of a special Case Study of ESG impact of a global health

## Purpose: "Caring for people's health as a trusted partner"



Agility Entrepreneurship Integrity One STADA

The values as the foundation to operate and improve STADA's positive contribution to the UN SDGs

external impact factor, the results of which were explained in the Company's Sustainable Development Report for 2021. 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 previous cycle of stakeholder dialogue at Hemofarm level. Also, this is the first cycle that was realized from the aspect of double materiality assessment.

### 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)<sup>14</sup>, strives to contribute to the achievement of the UN's sustainable development goals. 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.<sup>15</sup> 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

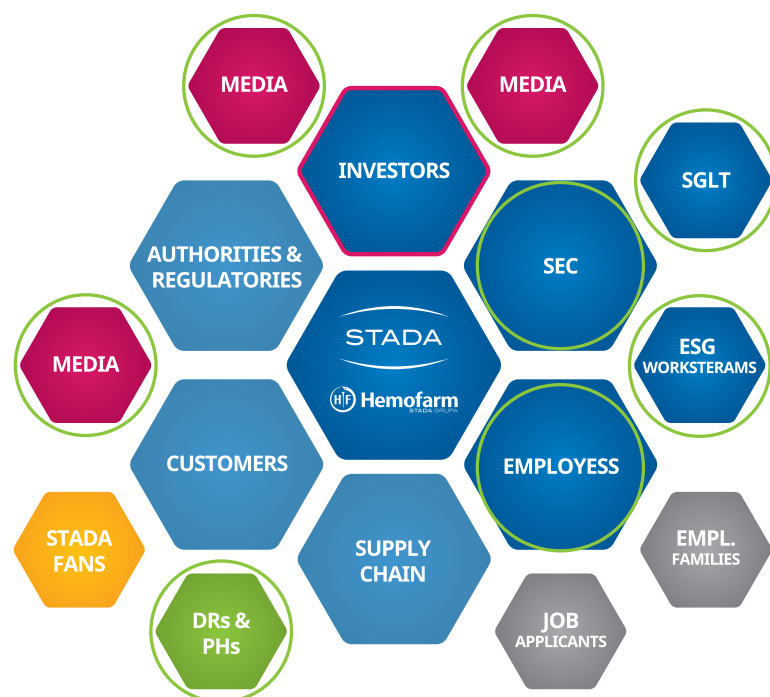
<sup>14</sup> Since 2017

<sup>15</sup> 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 ESG areas where it can foster measurable and positive impacts on the community in which it operates, enabling a clear measurement of progress on the way to achieving the company's vision. Respecting the stakeholders, Hemofarm annually collects their feedback on its upstream and downstream ESG impacts (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.



Hemofarm's stakeholders addressed in the stakeholder dialogue for 2022 (marked green)

The stakeholder dialog involved both internal and external stakeholders (a total of about 200 stakeholders)<sup>16</sup>, who analysed potentially material topics:

- **SEC/SMT members** – 11 stakeholders
- **Sustainability Reporting Workstream members** – 35 stakeholders
- **Global Internal Communications members** – 10 stakeholders
- **SGLT (STADA Global Leadership Team) members** – 115 stakeholders
- **Key Opinion Leaders – representatives of the pharmacies** – 15 stakeholders
- **UN Global Compact members** – 14 stakeholders

Methodology used for stakeholder dialogue 2022 consisted of:

- **Facilitated workshops** – 5 workshops executed in English language with more than 100 participants,
- **Online survey (in English and Serbian languages)** using the SLIDO poll tool,
- **Online survey (in English, German, and Serbian languages)** using customized poll compatible with the SLIDO version.

<sup>16</sup> The current cycle of the stakeholder dialogue had response rate of 85% due to the complexity of double materiality.

# MATERIALITY MATRIX AND MATERIAL TOPICS

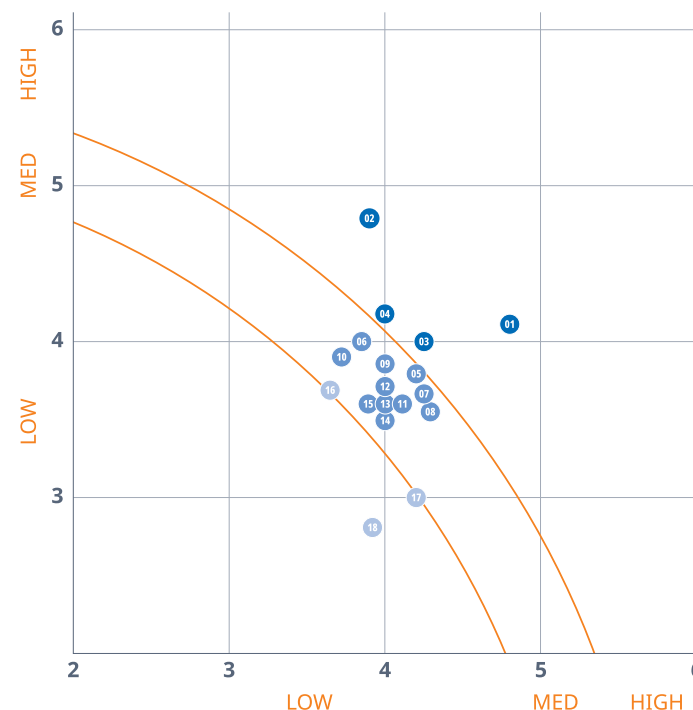
The stakeholder dialog, which served as the basis for creating this report, involved the assessment of the 18 topics (20 in 2021) listed below,<sup>17</sup> considering double materiality or their impact on the company's business and Hemofarm's footprint on the society and the environment.

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. 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 was ranked as the topic with highest impacts, while Social and Governance topics have risen on the list of priorities,<sup>18</sup> while Environmental topics remained with a lower priority.<sup>19</sup>



Final Ranking	TOPIC	ESG Category
01	Product quality and safety	G
02	Fair working conditions	S
03	Respect for human rights	G
04	Transparency and ethical marketing	G
05	Corporate culture and values	S
06	CSR and support to public healthcare	S
07	Governance and ethical business	G
08	Employee engagement and retention	S
09	Data privacy and security	S
10	Access to medicines	G
11	Occupational health and safety	S
12	Responsible procurement	G
13	Employee development	S
14	Sustainable products	E
15	Portfolio development	G
16	Diversity, inclusion and gender equality	S
17	Resource consumption and waste	E
18	Decarbonization and climate change	E

<sup>17</sup> 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.

<sup>18</sup> Topics like Fair working conditions and Respect for human rights were highly ranked/prioritized compared to the previous stakeholder dialogue due to the increased development of the awareness of key stakeholders about the importance of these topics but also the potential of Hemofarm's positive impact on them.

<sup>19</sup> 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 Report on Sustainable Development for 2021, that was not based on double materiality assessment.



# MANAGING MATERIAL TOPICS

**The assessment 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 are presented in the following table according to stakeholders' feedbacks collected in the process of stakeholder dialogue in 2022.

## 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
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			Constant development of human resources and working environment for constant improvement of "S" aspect of ESG, as an enabler of employee satisfaction and motivation.

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)	
Improvement of education on this topic within the Group and its supply chain	(L) Lack of respect for human rights to the required extent			RESPECT FOR HUMAN RIGHTS	(L) Improvement of respect for human rights			Education on respect for human rights and compliance. Whistleblowing policy being available to all employees.
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.		

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	(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.
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
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
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.

LEGEND	POSITIVE	NEGATIVE
	<b>LIKELIHOOD TO OCCUR:</b> <span style="color: #90EE90;">■</span> Low probability <span style="color: #FFDAB9;">■</span> Medium probability <span style="color: #FF0000;">■</span> High probability	
	Given that this is the first assessment of double materiality, the focus is on potential impacts, while in parallel monitoring of possible actual impacts is carried out, 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 2022, in addition to the aforementioned impacts, global increase in energy prices, as well as turbulence on the international market due to the war in Ukraine, with its accompanying humanitarian and economic consequences, were identified and recognized as significant and growing impacts for the business environment and were considered when creating next business and ESG strategies. No high-level negative impacts were identified in 2022.	



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) 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 board, 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 performance is also presented to investors and shareholders via a specialized dashboard.		
E	<ul style="list-style-type: none"> <li><b>Sustainable products</b></li> <li><b>Resource consumption and waste</b></li> <li><b>Decarbonization and climate change</b></li> </ul>	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 monthly business performance review process to the CTO. 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. Sustainability and product-related aspects 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.
S	<ul style="list-style-type: none"> <li><b>Fair working conditions</b></li> <li><b>Corporate culture and values</b></li> <li><b>CSR and support to public healthcare</b></li> <li><b>Employee engagement and retention</b></li> <li><b>Data privacy and security</b></li> <li><b>Occupational health and safety</b></li> <li><b>Employee development</b></li> <li><b>Diversity, inclusion and gender equality</b></li> </ul>	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. It consists of the following divisions: Talent Acquisition, Talent Development, Performance & Rewards (P&R) and HR Digitalization, Processes & Analytics. Further, these departments globally specify standards, guidelines and processes that are implemented by all STADA/Hemofarm affiliates, which are supplemented in accordance with market-specific conditions. A global payroll policy was adopted in 2022. In view of a strong centrally managed international HR structure, there are also functional reporting lines from all regional HR managers to the global HR management, as well as a global HR management team with local representatives from the largest markets, including the key markets on which Hemofarm operates. STADA endorses a pay-for-performance philosophy and utilizes variable incentives, when consistent with market practices, to drive individuals towards optimum performance. Global Rewards guidelines are based on 1.) market data and insights of the leading global providers (WTW, Mercer, KornFerry) and partly enriched by local providers as well as 2.) work measurement (job architecture, grading, job mapping or comparable) for a wide range of jobs and entities in the whole STADA Group based on methods of the global leading methods such as e.g. WTW, IPE, former Hay. The P&R department is tracking and monitoring GenderPay equality and working on ensuring compliance with EqualPay requirements from the EU commission, which will be one of the focus topics for the coming years. Hemofarm aspires to offer similar compensation ranges for both women and men, for the same business positions, regardless of gender or location of operations. Occupational health & safety (OHS) is managed centrally by the Global HSE function which is defining global OHS standards / guidelines as well as global and site-level targets, is managing OHS reporting and incident investigation and knowledge sharing across the local OHS 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 OHS performance based on Group-wide requirements.
G	<ul style="list-style-type: none"> <li><b>Product quality and safety</b></li> <li><b>Respect for human rights</b></li> <li><b>Transparency and ethical marketing</b></li> <li><b>Governance and ethical business</b></li> <li><b>Access to medicines</b></li> <li><b>Responsible procurement</b></li> <li><b>Portfolio development</b></li> </ul>	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 execution 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. 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 2022, 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. 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. 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.

# HEMOFARM'S ESG PERFORMANCES

For Hemofarm, ESG as a concept and an approach to responsible business, becomes more and more important every year, together with its efforts to pay special attention to business and products' footprints and impacts. In 2022, Hemofarm published its jubilee Report on Sustainable Development for the tenth 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** – 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 within its supply chain and among the end users of its pharmaceutical products.

**2. Sustainable Procurement** – Hemofarm follows the global and local sustainable purchasing 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 of lowering environmental risk while improving environmental impacts.

## SOCIAL:

**1. People Development and Respect for Human Rights<sup>20</sup>** - 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 up-

holding 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<sup>21</sup>** - 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 STADA Executive Board 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, 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.

<sup>20</sup> Respect for Human Rights represents an important pillar of Hemofarm's relationship 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).

<sup>21</sup> Access to Medicines represents an important social aspect from external perspective, but since it is enabled at Hemofarm (internal perspective), it will 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 2022	STADA GROUP'S ACHIEVEMENTS IN 2022 / COMMITMENTS FOR 2023
	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.	<b>Achievement in 2022:</b> <ul style="list-style-type: none"> <li>Reduction of absolute carbon emission by ~ -16% (2020 – 2022)</li> </ul> <b>Commitments for 2023:</b> <ul style="list-style-type: none"> <li>Continue reducing carbon emissions in line with long-term target</li> <li>Define scope 3 baseline</li> </ul>
	SUSTAINABLE PRODUCTS AND PACKAGING	Full implementation of 5R strategy while designing products and packaging: Remove, Reduce, Reuse, Recycle, Refill	<b>Achievements in 2022:</b> <ul style="list-style-type: none"> <li>5R strategy integrated in product design process</li> <li>First pilot projects to reduce packaging / use of recycled PET implemented</li> </ul> <b>Commitment for 2023:</b> <ul style="list-style-type: none"> <li>Further develop internal processes to embed sustainability aspect in product development process (Internal Eco-Guidelines)</li> </ul>
S	DIVERSITY / GENDER EQUALITY	Continue to increase the % of women in management positions at each of the three management levels	<b>Achievement in 2022:</b> <ul style="list-style-type: none"> <li>1% increase of women at all management levels</li> </ul> <b>Commitment for 2023:</b> <ul style="list-style-type: none"> <li>To keep the % of women at all management levels on the same level or to improve</li> </ul>
	SAFETY AT WORK	Increase the safety performance and achieve LTIR Target below 0.35	<b>Achievement in 2022:</b> <ul style="list-style-type: none"> <li>LTI Rate of 0.35 achieved</li> </ul> <b>Commitment for 2023:</b> <ul style="list-style-type: none"> <li>LTI Rate &lt; 0.30 in 2025</li> </ul>
G	RESPONSIBLE PROCUREMENT	Start the implementation of the defined responsible procurement approach in 2022, and building the necessary capacities and redefining the targets in accordance with the achievements	<b>Achievement in 2022:</b> <ul style="list-style-type: none"> <li>Organizational structure for 'Responsible Procurement' established and EcoVadis program started</li> </ul> <b>Commitments for 2023:</b> <ul style="list-style-type: none"> <li>Full implementation of 'Responsible Procurement' processes</li> <li>Roll-out of EcoVadis platform for supplier ESG rating</li> </ul>
	ESG STRATEGY DEFINITION AND DATA REPORTING	Harmonize and improve global ESG data tracking of all relevant parameters	<b>Achievements in 2022:</b> <ul style="list-style-type: none"> <li>First full Sustainability Report 2021 published in 2022 (PwC limited assurance) and Hemofarm's 10th Report on Sustainable Development for 2021 published in 2022 (EY limited assurance)</li> <li>Good external rating by 'Sustainalytics' (ESG Risk Rating = 22.2, Dec. '22)</li> </ul> <b>Commitments for 2023:</b> <ul style="list-style-type: none"> <li>Launching ESG/Sustainability Policy 2.0 with ESG commitments</li> <li>Issue STADA Sustainability Report 2022 and Hemofarm's Sustainability Report 2022</li> <li>Continue to implement ESG projects/actions and improve external ESG ratings</li> <li>Implement IT-tool for Scope 1 – 3 calculation and reporting</li> </ul>

Notes: Commitments are made compared to current status of reference areas and topics presented in the First Global STADA Sustainability Report 2021 as well as STADA's Annual Report 2021, and Hemofarm's tenth edition of the Report on Sustainable Development for 2021, 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).



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

In 2021, STADA established a global sustainability approach by defining its Sustainability Policy 1.0, relevant SDG targets, and a link to the Group's business strategy. After the SEC defined ESG KPIs in order to follow future improvements, the first global STADA Sustainability Report was published as a starting point of STADA's sustainability journey and a benchmark to integrate sustainability aspects more systematically into its business processes. Hemofarm's ten-year-long experience and previous editions of the report on sustainable development, in ac-

cordance with GRI guidelines, served as a model for establishing the concept of reporting at the level of entire STADA Group. ESG performances of entire Group will be monitored globally, with a very important role of Hemofarm in the process. You can check some of the key ESG performances that STADA Group already monitors in the table on the left page.

In 2023/24, Hemofarm will re-visit 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 2023/24.



# Hemofarm's Contribution to SDGs

SECTION  
02





## SDG 3

# Good health and well-being





In caring for people's health, besides focusing on its extensive portfolio of top-quality medicines, Hemofarm also puts a strong focus on prevention and encouraging healthy lifestyles. Our guiding idea is that each person is a manager of their own health, and that our task is to be a trusted partner that makes the quality pharmaceuticals widely accessible.

## UN SDG 3: **GOOD HEALTH AND WELL-BEING**

STADA's contribution to SDGs

**Caring for people's health, in accordance with the company's official mission, is the focus of Hemofarm's business and social activities.**

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 topics:<sup>22</sup>

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

<sup>22</sup> Portfolio development and Access to medicines are also the topic elaborated within the SDG 9 chapter of this section.

# Veljko Pešić

Senior Director Marketing & Sales



# PORTFOLIO DEVELOPMENT

The core activity of Hemofarm is the production of high-quality, effective, safe and affordable pharmaceutical products that are intended for the care of people's health and enable the development of healthy lifestyles. One of the most important roles in that belongs to the state-of-the-art, reliable and wide range of products that the company is continuously developing. The company's aim is to cover numerous pharmacotherapeutic groups of pharmaceutical products at competitive prices, primarily launching generic products promptly after patent expiration, as well as optimizing its product portfolio to meet the dynamic market demands and actual needs of people and health-care system. Hemofarm's rich portfolio includes generics and consumer health-care products, as well as Specialties through STADA Group's operations.<sup>23</sup>

When it comes to the generic product portfolio, Hemofarm continued the trend of development also in 2022, when the focus was precisely on the field of the state-of-the-art antimicrobial therapy. The achievement of a therapeutic effect with a medicinal product of the narrowest possible spectrum of activity has become a priority in the era of increasing bacterial resistance to available medicines. Following the modern guidelines for the rational administration of antibiotics, Hemofarm enabled the application of the only oral formulation of natural penicillin to doctors and patients during 2022. Largocilin® (phenoxymethylpenicillin) is indicated in the treatment of a large number of uncomplicated infections caused by Streptococcus pyogenes, because the stated pathogen is not resistant to this antibiotic. It is one of the

PHARMACOTHERAPEUTIC GROUPS THAT HEMOFARM COVERS		HEMOFARM'S PORTFOLIO IN TOTAL SALES	
<ul style="list-style-type: none"><li>• Antineoplastic and immunomodulatory agents</li><li>• Digestive tract and metabolism</li><li>• Cardiovascular system</li><li>• Nervous system</li><li>• Blood and blood-forming organs</li><li>• Respiratory system</li><li>• Anti-infectives for systemic use</li><li>• Musculoskeletal system</li><li>• Genital-urinary system</li><li>• Systemic hormonal preparations</li><li>• Dermatology</li><li>• Sensory organs</li><li>• Antiparasitic products</li><li>• VMS</li></ul>		70% GENERIC	
		30% CHC	
		19% Specialties / Biosimilars	
TOTAL NUMBER OF PRODUCTS		% OF WHO MODEL LISTS OF ESSENTIAL MEDICINES <sup>24</sup>	
RICH PORTFOLIO INCLUDES AS MANY AS  <b>465</b>  individual stock keeping units that cover numerous therapeutic areas.		STADA's products within which Hemofarm's portfolio has a significant share, covering <b>22% of the medicines</b> in the WHO list or <b>122 out of 544</b> medicines in the list. <sup>25</sup>	

essential medicines according to WHO, and is available in the therapeutic recommendations in countries with an extremely strong control over the use of antibiotics. Antimicrobial resistance is accelerated by misuse and excessive use of antibiotics, as well as poor prevention or control of infections. The joint initiative, adoption of new recommendations and taking responsibility in daily work aim at a more rational administration of antibiotics. By launching Largocilin®, Hemofarm has once again shown its responsibility towards society, because this is an antibiotic of national interest, which saves other classes of antibiotics indicated for more serious and complicated infections.

After many years, Hemofarm improved its portfolio also in the field of diabetes in 2022. By launching vildagliptin (INN) in September 2022, the therapeutic choice for patients in Serbia has been expanded. The group of medicinal prod-

ucts to which this pharmaceutical product belongs was not sufficiently promoted in Serbia in the previous years, so the demand and challenge were thereby all the greater. Vildagliptin has become the top-selling DPP4 inhibitor in Serbia, with a trend of further growth, already after only a few months.

At the beginning of 2022, hypromellose (INN) eye drops was launched, which is an important step in the creation of Hemofarm's innovative ophthalmic portfolio and company's future strategic positioning within this segment. Relying on the recognizability of its predecessor, this pharmaceutical product stands out for its innovation, because it contains the improved active substance, polyethylene glycol/propylene glycol, in comparison with Hemodrops eye drops that contained hypromellose in the composition. The advantage is also that they can be used within the next six months from the first opening. Accord-

ing to WHO data, as many as 40 percent of the adult population has some of the symptoms typical of the dry eye syndrome. Studies show the high efficacy of the hypromellose drops product formulation in reducing the symptoms of this syndrome, which can have a significant negative impact on the quality of life and the performance of daily work duties. Hypromellose is manufactured in the Hemomont plant (Podgorica, Montenegro) and is the Hemofarm's first medical device with the CE mark.

Hemofarm continued also the trend of cardiology portfolio development in 2022, by introducing a medicinal product for the treatment of dyslipidemia. Ezetimibe (INN) is added to any statin and offers an additional measure of protection against cardiovascular events, especially in patients who require risk control and achievement of target values of bad LDL cholesterol. There was an increase in prescribing fixed combinations (rosuvastatin + ezetimibe) in Serbia over the course of the previous year, so the launch of mono ezetimibe

was an important step for the company in order to bridge the period until the beginning of marketing the fixed combination, which is planned for 2024.

Campaigns for five leading CHC brands also marked the reporting year in Hemofarm. Firstly, the campaign for the Probiotic® brand has continued through a word-play and prefix PRO, which symbolizes the abbreviated name of the product: 'Let's wake up smiles (PRObudimo osmehe), Celebrating life (PROslavljammo život) with those who have been safeguarding our health for a long time - PROven probiotics (PROvereni probiotici)'. Additionally, a new member of the Probiotics family - Probielle IBSolution - a probiotic intended for patients with irritable bowel syndrome, which contains a unique combination of probiotic bacteria approved by the World Gastroenterology Organization, also had a successful digital campaign. Consequently, the Probiotic® brand retained its leading position in the probiotics market in Serbia, also in 2022, with 3.6 million sold

(PROdatih) packs, confirming that it has been the top brand on the mind of local customers for as many as 20 years.

The promotional-educational TV campaign for the Hepathrombin® brand was adapted during the summer season, with an emphasis on the new dose of 1000 I.U. The company's portfolio for this indication has been rounded thereby, given that Hemofarm is the only company in the market that sells this OTC in two pharmaceutical dosage forms (gel and cream) and in all three doses (300 I.U., 500 I.U. and 1000 I.U.). In addition, successful campaigns from the previous year for the brands Mycoseb®, Thiomucase® and Pressing® have continued.

The acquisition of four products from the company Innventa Pharm was made at the beginning of 2022, with the idea of further improving and completing the portfolio in the CHC segment. These products are top brands in their categories: Manozinn®, Serapinn®, Miocystinn® fertile and Dolpirinn®, whereby Hemofarm has secured its position and market share in the field of

## HEMOFARM'S ESG INITIATIVES

### Health Challenge - Jointly for health and regular physical activity of employees

Nine weeks, 4,300 participants and 2.1 billion steps – colleagues from different countries and functions embarked on a journey around the world together, collecting steps and developing healthier habits.

Over the course of nine weeks, 666 teams at the global level and all STADA affiliates participated in the corporate STADA Step Challenge, the goal of which was to foster regular physical activity among employ-

ees, reminding them of the care for health and fostering the team spirit in the entire company. The teams included up to seven members, with some teams made up of employees from all over the world, while others included members from their organizational units. They all together had one task - to reach the finish line with the largest number of taken steps. A large number of Hemofarm teams accepted the challenge. The table showed that as many as five

Hemofarm teams were among the top ten most active teams, at one point. The winner was announced after nine weeks of healthy habits and more than two billion steps, and Hemofarm's team „Tabletari“ 'Tablet makers' was on the winner podium stand. The award ceremony was broadcast live via internal channels, and as many as 1,200 people in the company followed the broadcast, celebrating the victory of their colleagues.

#### HEALTH CHALLENGE 2022 IN NUMBERS

TEAMS	666	TOTAL NUMBER OF STEPS	2,104,946,332
PARTICIPANTS	3,852	TOTAL KILOMETRES COVERED	1,683,957
AVERAGE NUMBER OF STEPS	546,455		

<sup>23</sup> More details on three main segments of Hemofarm's portfolio could be found in Section 1 of this report.

<sup>24</sup> Excluding medicines distributed in markets of European countries.

<sup>25</sup> Including least-developed countries (LDCs), low-income countries (LICs), low-middle income countries (LMICs) and upper-middle income countries.

women's health, urinary problems and modernized the portfolio in terms of pain therapy.

Keeping pace with global trends in the field of CHC products, the development of the product portfolio for women's health continued, and the product Fin-derm Forte Beta, soft capsules for vaginal use, with an indication for the recovery of the vaginal mucosa after changes caused by HPV infection, was launched in May 2022. According to its composition, this product is unique in the market, and based on information from key doctors in the field of gynecology, it is a brand in which they have full confidence.

In the second half of 2022, Hemofarm started a digital campaign for the Modilac® brand, with which it entered the market of adapted milk formulas for the first time. This product has a unique composition due to the lactoferrin protein, which it contains in its formulas. Owing to lactoferrin in Modilac®, the adapted milk formula is another step closer to the composition of mother's milk. Hemofarm confirmed, also on this occasion that it is a socially responsible company, and through the digital campaign, it firstly spoke about the importance of breastfeeding for all mothers and babies, and referred to

the new Modilac® brand as one of the best solutions in cases in which breastfeeding is not always a possible option.

As part of the promotion of products for the development of prevention and a healthy lifestyle, business cooperation with the airline company 'Air Serbia' continued also during 2022. In addition to distributing selected samples of Hemofarm products with a list of educational tips, on all important flights<sup>26</sup>, this airline company also provided branding of headrests on all seats in airplanes at all significant flights and specified destinations, arousing thereby great interest of passengers.

## HEMOFARM'S ESG INITIATIVES

# STADA Health Report 2022<sup>27</sup>

most comprehensive study of its kind within the industry

With 30,000 respondents from 15 countries, the STADA Health Report 2022 has become one of the most extensive health studies in Europe.

STADA Group organized a public opinion survey for the European population regarding health habits and attitudes towards health, for the eighth year in a row. The survey included more than 30,000 respondents, aged between 18 and 99, including Serbia among the 15 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. Health Report 2022 has covered topics such as effects of COVID-19 pandemic, mental health, sleep quality, eating habits and importance of prevention. The focus was also on digital trends in health, as well as attitude towards authorities. If we review data from Serbia, we shall see that 40 percent of Serbian citizens said that their stress level has greatly increased since the onset of the pandemic, which is above the global average amounting to 37 percent. One third of respondents said that they sleep worse due to the fear of coronavirus, while 27

percent of them complain about the deterioration of their mental health. When asked how they rate their eating habits, more than a half of Serbian citizens (55 percent) think that their habits are quite healthy, which is still significantly lower than the global average in which the French (66 percent), Italians (71 percent), Swiss (72 percent) take the lead. Some of the interesting insights that the Report outlines about attitudes of the population can also be seen through answers to the question whether they can imagine that, in the case of a minor illness, a doctor would treat them via a webcam or the Internet. As many as 63 percent of Serbian citizens answer this question affirmatively, while 37 percent would not want that, and 18 percent of them expressly reject it.<sup>28</sup>

29.637  
PEOPLE  
(2,000 per country)

18-99  
AGE RANGE

15  
COUNTRIES

<sup>26</sup> Flights to destinations such as: Tivat, Podgorica, Tirana, Sarajevo, Skopje, Frankfurt, Zurich

<sup>27</sup> STADA Group has recently published the ninth Health Report 2023, and results relevant for the Serbian market are available at:

Hemofarm - News - Stada Health Report 2023: A Lack of Prevention Is Eroding Europeans' Health

<sup>28</sup> More information is available at: Hemofarm - News - STADA Health Report 2022

# 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.<sup>29</sup> 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 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 affecting the increased level of awareness of the proper and responsible use of pharmaceutical products.

<sup>29</sup> Generički lekovi obično koštaju tek deo cene svojih patentiranih pandana, što omogućava širem segmentu populacije da pristupi terapijama važnim za njihovo zdravlje, a bez smanjenja kvaliteta ili učinkovitosti farmaceutskih proizvoda.



# 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 medical professionals, 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, were updated in 2022, and serve as the framework for marketing of pharmaceuticals in line with international laws and regulations.<sup>30</sup> 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. To provide even higher quality information to employees in production, logistics, laboratories, and supply chain area, a 'TechOps brochure' was published for the first time in the third quarter of 2022. The printed newsletter was developed as a pilot project firstly for the

## HEMOFARM'S ESG INITIATIVES

### 'Unbreakable' HEMOFARM FOUNDATION Serbia is threatened with a red mental alert

According to the number of people suffering from depression, even before the COVID-19 pandemic, Serbia was above the world average, with five percent of affected population. Experts estimate that severe effects of the pandemic have still remained on people's mental health and that the number of mental disorders caused by stress is on the rise at the global level. According to the World Economic Forum, every third person develops anxiety and depression caused by a new situation, and local psychiatrists and psychologists expect a similar trend in Serbia. In order to prevent the coronavirus pandemic from being accompanied by an epidemic of mental disorders, Hemofarm Foundation, in liaison with the Faculty of Philosophy in Belgrade and with the support of the Ministry of Health of the Republic of Serbia, has launched a national campaign entitled 'UNBREAKABLE' for the mental health protection, fight against increasing depression and stigma accompanying the affected persons. Billboards with the message 'Watch out, fragile' and 'Don't let it break you' have been placed in 18 cities in Serbia for the purpose of raising the public awareness about depression, importance of mental health prevention and protection among citizens in Serbia, as well as providing direct support to persons suffering from depression. Hemofarm Foundation has provided the following within this campaign: a free of charge SOS line: 0800 001 002 operating 24 hours, seven days a week (through which support has been provided to more than 15,000 people); address book of mental health institutions, in which contact information of a number of specialized health institutions in Serbia is available in one place; website [www.nesalomivi.rs](http://www.nesalomivi.rs) with available texts and experts' advice on improving mental and social health, as well as confessions of people struggling with depression, and the most common questions and answers for overcoming this disease.

## HEMOFARM'S ESG INITIATIVES

### Hemofarm's 'Moustache men' Campaign for raising awareness of the importance of men's health and prevention

**Hemofarm's 'Moustache men' say: Have a medical checkup!**

There are approximately 450,000 prostate cancer reports in the European Union countries every year, while one man is diagnosed with prostate cancer in the world every third minute. Preventive medical checkups and early diagnosis provide greater chances for healing, and that is why regular medical checkups are of great importance. Although every month should be the

month of preventive medical checkups, men grow mustaches across the planet precisely in November with the aim of raising awareness of the importance of men's health, fight against prostate and testicular cancer, and preservation of men's mental health. It is the way how the global 'Movember' movement was born, which was also supported by Hemofarm employees in 2022. The main educational campaign participants: Nikša, Admir, Dragan and Almir 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 speak up over the course of the year about health problems that affect the male population. The Hemofarm's 'Moustache men' campaign was selected the best digital PR campaign in 2022, winning the Digital Cup award with in 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. Although the campaign has been completed, the company says that the message 'Have a medical checkup!' is still standing.

<sup>30</sup> 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.

<sup>31</sup> Publicly available contacts include: info lines in Vršac and Belgrade: 013/803100; 011/3811200; website [www.hemofarm.com](http://www.hemofarm.com), e-mail [svakodobre@hemofarm.com](mailto:svakodobre@hemofarm.com), as well as official Hemofarm accounts on social networks LinkedIn, Instagram, Facebook, Twitter, YouTube, TikTok



## SDG 8

# Decent Work and Economic Growth





Employees' motivation and diversity are among the main drivers of Hemofarm's growth. Creating a fair and positive working environment is essential for the employees to feel appreciated and fulfilled. That is why Hemofarm's goal is to attract and keep the best employees, as well as to unlock the full growth potential of all team members.

## UN SDG 8: DECENT WORK AND ECONOMIC GROWTH

### STADA's contribution to SDGs

**The Sustainable Development Goal 8 is committed to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.**

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 entrepreneurs,<sup>32</sup> 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

**Irina  
Skityaeva**

Senior Director Human Resources

<sup>32</sup> In accordance with the corporate value of the same name – Entrepreneurship.



# FAIR WORKING CONDITIONS

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

Hemofarm team<sup>33</sup> consisted of 3,185 employees in the year 2022 (12,931 in 2021), which is an increase of 8.7 % compared to the previous year. Share of women in the company has continued increasing and they still represent a majority of Hemofarm employees. Their share now accounts for 55.42 % out of the total headcount (154.42 % in 2021) and they also represent majority in the company management. Throughout the year, there were 161 women on maternity leave (1131 in 2021), and all the female colleagues kept the same position after their maternity leave. Hemofarm with its Human Resources Division pays special attention to providing equal opportunities to everyone.<sup>34</sup> That is why it is not surprising that the number of tested candidates, as well as the number of those who applied for an open position, grows year after year, and the base of potential personnel 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, with a significantly higher level of employer branding. Gender equality is one of the essential principles with which Hemofarm approaches all business segments. In line with that, the values promoted and advocated by SDG 5, which promotes gender equality, are already a largely inseparable part of Hemofarm's strategy and business practices. Apart from the fact that women

GENDER STRUCTURE	F	M	Total
Hemofarm a. d.	1,765	1,420	3,185
Total (%)	55.42	44.58	100

QUALIFICATION STRUCTURE	Total	Total (%)
PhD	8	0.25
University degree	1,148	36.04
Two-year post-secondary school degree	203	6.37
Secondary school degree	1,793	56.30
Unqualified	33	1.04

AGE STRUCTURE	Total	Total (%)
18-19	16	0.50
20-24	154	4.84
25-29	487	15.29
30-34	435	13.66
35-39	451	14.16
40-44	475	14.91
45-49	497	15.60
50-54	365	11.46
55-59	218	6.84
60-64	82	2.57
65-69	5	0.16

represent the majority in the company, Hemofarm is proud to point 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 and demonstrated results. The company proudly emphasizes such treatment of its employees among its partners, striving to transfer the same approach and beliefs to its own supply chain, thus making a positive footprint on society also in a broader context that widely impacts the motivation of employees and people in general. Also, in addition to offering equal working conditions and benefits to all employees, regardless of their employment status in Hemofarm, the com-

pany also provided salaries above the national average. The lowest gross salary in Serbia in December 2022 amounted to RSD 47,767.08, while in the same period the lowest contracted salary in Hemofarm was RSD 54,805.83. Work of the Human Resources Division in 2022 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 developed, encouraging employees to use the opportunity to learn a foreign language if they wish, which can bring us even closer as a multinational organization and strengthen cooperation through the One STADA team.

<sup>33</sup> Headcount in the entire Hemofarm Group is 4,086, whereof 3,185 are employed with Hemofarm a.d.

<sup>34</sup> In this way, a contribution to the reduction of inequality in society is achieved (Sustainable Development Goal 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' in 2022 through the recognition awarded by the Top Employers Institute. The Top Employer certification for the best employer indicates Hemofarm's commitment to better working conditions, with the provision of excellent policies and practices in the field of human resources, as well as numerous opportunities in terms of employee growth and development. Recertification for the 'Top Employer' award is planned in 2023.

Employee engagement is the driving force to the company's growth. That is why Hemofarm's and STADA Group's utmost priority is to maintain a high level of employee engagement and the company conducts regular employee surveys that allow employees to provide feedback and to see where they stand as a team and a company. The results of the last STADA's survey (Global Pulse Survey), as the last survey conducted in 2022, showed once again the continuously strong commitment of all employees to the company with a high score of 8/10. This figure not only shows their willingness to continue working, but is also very representative, because once again more than 80 percent (82 %) 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 8th consecutive survey, there were 100 more comments than in the previous one (a total of 6,700 qualitative comments).

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. In 2022, 17



employees underwent Green Belt training, while nine of them were successfully certified (ASQ GB). Most of the participants of these trainings were employees from production and quality management, in accordance with the needs of specific job positions in these divisions of the company. In the same year, the focus was placed on Manufacturing Expertise and Technology (MS&T), keeping in mind the requirements that this function should entail. In addition to the already existing trainings for acquiring the title of holder of green and black belts, the curriculum was expanded with BDA (Business Data Analysis), which provided participants with basic knowledge of statistics with the use of tools - the MiniTab application (55 participants), as well as RCPS, Root Cause Problem Solving (76 participants). Also, internal trainings for 45 employees according to Lean Game principles were provided, as well as trainings for 27 trainees on the use of project management tools - MS Project Professional & MS Project Server.



# EMPLOYEE DEVELOPMENT



**By investing in employees and their development, Hemofarm strives to stand out on the 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.

In order to provide all employees with equal access to training, the "Learning" module was introduced in the year under review as part of the continued implementation of the SAP-based human resources IT landscape. This means that employees now, in addition to mandatory busi-

ness compliance training and job-specific training, can self-initiate and proactively attend online training in their own spheres of interest through their computers.

Hemofarm's team shows a high level of awareness and appreciation of projects as a tool to transform the company from the existing one to the desired state, through the construction of a certain and stable future. In 2022, special focus is placed on increasing project management capabilities in the commercial part of the organization (Marketing, Sales, RAMACA). The PMO 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 2022 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. Training according to the PMI methodology (with a mandatory 16 hours of training) was held for 27 colleagues, while Hemofarm has a total of 13 certified experts in this field since 2019. Compared to 2021, the difference of 3 PMP certified employees is the result of their promotion to global positions.

In 2022, the focus was put on strengthening internal resources to enable internal exchange and

transfer of knowledge. Internal coaching stood out as a special topic, and to date, 32 certified coaches have been gathered in the internal base, who can maximize the potential of employees and enable them to engage even more in the company.

In 2022, the following employee trainings were conducted based on system documentation in the eQMS system along with colleagues from the Quality Assurance (QA) department as process owners. According to the results, the percentage of trained employees has increased significantly, the percentage has increased by about 50 percent, compared to 2021. The number confirms the transparency in the training monitoring process.

When it comes to expertise, 780 employees had the opportunity to learn about European and global trends in the pharmaceutical industry, depending on the requirements of the workplace (549 in 2021, 321 in 2020). In addition, 373 people were involved in soft skills education (229 in 2021). At the level of the Hemofarm Group, EUR 389,451 (EUR 272,714 in 2021) was invested for the needs of internal and external education in 2022, while during the same year at the level of Hemofarm A.D. that amount was EUR 340,633 (EUR 207,157 in 2021).

Compared to the previous year, a lot of employees, 478 of them, were sent to professional education abroad (284 in 2021, 259 in 2020). On the other hand, the fact that Hemofarm's Human Resources Division managed to adapt and implement many online educations in the domain of soft skills development and various forms of development programs in a record short period of time is highly commendable, without impairing the quality of education and outcome success. The Leadership program was also piloted with the aim of empowering leaders in the company. The program is divided into three parts: the first module is intended for those who become leaders for the first time (6 workshops, 50 participants), then a module for those who have been in a leadership position for some time, that is, experienced leaders (8 workshops, 17 participants), and the third module for senior leaders (4 workshops, 4 participants). Also, for the first time there were nine guest lecturers from the company (senior and experienced leaders) and the feedback from the participants was excellent. During 2022, a unique project on the market promoting Female Mentorship was also launched with the aim of supporting women in their career development and promoting Hemofarm as an employer that fosters equality for all.

## HEMOFARM'S ESG INITIATIVES

### #InspiredByHer

**March 8 stories of female colleagues from Hemofarm for all women and girls**



**The #InspiredByHer campaign takes us through the stories of women from Hemofarm, showing 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 created on March 8, as a series of stories on social networks with the aim of reminding why it is important to say out loud what we learn from each other and what inspires and moves us in female colleagues. Considering the lesson and value it carries, the campaign left a strong impression on both the internal and external public and encouraged many colleagues to share a message of gratitude and an opinion about how a close colleague inspires and motivates them. The special edition of this campaign is stories 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.



## DIVERSITY, INCLUSION & GENDER EQUALITY

**Hemofarm strives to develop a strong team that offers the same chances to everyone, regardless of gender, age, origin, affinities, etc., with their key to success based on results of professional performance and collegial relationships within the team.<sup>35</sup>**

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 the 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 bearer of change 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, and not their gender, are always at the forefront. Share of women in management positions<sup>36</sup> in Hemofarm in 2022 accounted for approx. 64.4 percent (1by around 1% more than in 2021).



To further draw attention to and promote this diversity, in 2021 the STADA Group launched a communication campaign under the motto 'Uniqueness Starts With You' (#UniqueStartsWithU),<sup>37</sup> which continued during 2022, and Hemofarm strongly supported it at the local level. Within this campaign, various aspects of individual uniqueness are presented, including gender, language, sexual orientation, etc.

Headcount trend	2019	2020	2021	2022
<b>WOMEN</b>	1,513	1,528	1,595	<b>1,765</b>
<b>MEN</b>	1,352	1,350	1,336	<b>1,420</b>
<b>TOTAL</b>	2,865	2,878	2,931	<b>3,185</b>

<sup>35</sup> 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-sector cooperation and building team spirit.

<sup>36</sup> All employees with at least 1 direct responsibility 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; total management = sum of lower, middle and top management.

<sup>37</sup> Video available on STADA's YouTube channel: <https://www.youtube.com/watch?v=mb5VRZWI4vM>

## OCCUPATIONAL HEALTH AND SAFETY

**Occupational health and safety (HSE), in addition to increasingly gaining importance in the previous years, has shown its true purpose and significance in preserving business and health vitality also in 2022, in implementation of daily operational activities and also 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,<sup>38</sup> 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 both companies and society. Therefore, the standards implemented by Hemofarm and the existing practice in the area of occupational health and safety exceed the applicable 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).<sup>39</sup> 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 service,<sup>40</sup> fire alarms<sup>41</sup> and its own professional fire department.<sup>42</sup>

Prevention is the key word for occupational health and safety in Hemofarm, and a number of synchronized and related activities, based on state-of-the-art technologies, are primarily focused on education, and prevention of any kind of unsafe behaviour or situation. Bearing this in mind, during 2022, 8,970 trainings were conducted (9,001 in 2021) in occupational health and safety, environmental protection, fire protection, accident prevention and business compliance, and all employees passed the general knowledge test from the above areas.<sup>43</sup> The number of trainings in this segment is less than in 2021 by only 0.34%. Additional trainings that were conducted are trainings related to working with active substances that were not previously used in production, and protection measures when handling these substances. Specific training for the use of personal protective equipment, 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

HEMOFARM A.D.	2019	2020	2021	2022
<b>Number of occupational injuries</b>	11	8	4	<b>5</b>
<b>In relation to headcount (%)</b>	0.38	0.28	0.17	<b>0.18</b>

<sup>38</sup> On the World and National Occupational Safety and Health Day, on 28 April, the company has been repeatedly awarded in the domain of occupational health and safety.

<sup>39</sup> The highest rating for compliance with the requirements of the Business Social Compliance Initiative (BSCI) was confirmed.

<sup>40</sup> Upon the employment in Hemofarm, each member of this Service passes a mandatory training on respecting human rights, with continuous re-training and knowledge tests.

<sup>41</sup> All premises in Hemofarm are equipped with fire signalling, detecting and extinguishing systems, fire flaps, panic lighting, etc.

<sup>42</sup> The fire brigade unit is available to both Hemofarm and Vršac municipality and surrounding villages in emergency situations.

<sup>43</sup> Last year, 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, as well as professional training for working in substations.



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.

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 injury<sup>44</sup> 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. The scoreboards are installed on hot spots at manufacturing sites and their long-term use has resulted in the improvement of preventive actions and understanding the importance of reporting each situation or event which can be unsafe („near miss”<sup>45</sup>). Hemofarm Safety Committee<sup>46</sup> plays an important role in defining and implementing a number of activities for each workplace to be safe and secure. In addition, 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 site, whose members are employees from all organisational units, in order to represent the complete company structure in the proper manner and in order to have all the employees 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 2022.<sup>47</sup> 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.

Relying on the experiences gained during the pandemic period from previous years, Hemofarm's team used the best practice and proactively adapted to the current circumstances. In 2022, just like at the beginning of the pandemic, the focus of all activities was put on the basic principle of OSH - prevention. The practice has shown in 2022 as well that the adopted measures are adequate to prevent internal transmission and help preserve the safety of employees and the continuity of the process. Many activities resulted from the Prevention and Action Plan of the Crisis Team: harmonization with medical practice, advice on how to proceed in case of sick or risky contacts; daily monitoring of global knowledge about Covid, as well as records of positive cases, contacts or those sent to isolation; adaptation of actions in accordance with the best knowledge; providing support for employees who are sick or in isolation; daily communication with competent institutions to confirm that what is being done is in accordance with the rules of the medical profession and in accordance with the law; provision of sufficient quantities of disinfectants, protective equipment and masks; procurement and installation of protective partitions and use of thermal imaging cameras for measuring body

temperature; daily communication with employees, including internal communication about raising awareness and how to fight against the spread of the pandemic, and then about the importance of vaccination. And finally, since the beginning of the pandemic itself, Hemofarm has been paying sick leave benefits in the amount of 100% of the contracted salary for employees<sup>48</sup> who followed all the recommended measures to prevent the spread of the virus.

Hemofarm transfers the OSH values it believes in and applies in its business to its suppliers. As part of regular checks, 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 questionnaire<sup>49</sup>.

Only after the questionnaires have been positively evaluated, the binding Annex on occupational safety and health, environmental protection and fire protection is signed. During 2022, 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**, there were 127 legal entities (125 in 2021) who performed some kind of work with about 7,342 employees (6,234 in 2021)
- **in the Šabac complex**, that number was 64 (56 in 2021) with around 1,545 employees (1,472 in 2021).

<sup>44</sup> 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.

<sup>45</sup> 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.

<sup>46</sup> In accordance with legal regulations and the Individual Collective Bargaining Agreement on occupational health and safety.

<sup>47</sup> The intranet contains a database of chemicals with instructions for safe handling and behavior in potentially hazardous situations, available to all users.

<sup>48</sup> A total of 723 COVID-19-positive employees were recorded within Hemofarm a.d. during 2022.

<sup>49</sup> These questionnaires are filled out by all new suppliers who were potential business partners of Hemofarm in 2022. 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...

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 2022.

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.

	2020	2021	2022
<b>HEADCOUNT</b>			
Full-time employees	2,880	2,929	2,931
Part-time employees	0	0	0
<b>ACCIDENTS/NEAR MISS</b>			
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
Total number of injuries at work with lost time (accidents while commuting to and from work are excluded)	8	4	5
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)	14	3	4
Total no. of near miss reports (including near miss, unsafe situation, unsafe event, or unsafe behaviour)	1,388	1,509	1,612
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)	285	330	122
Total number of HSE walk throughs with participation of management	344	433	448
<b>PROCESS PERFORMANCE INDICATORS KPI</b>			
OSHA Lost Time Case Rate	0.51	0.15	0.20
Near Miss Rate (NMR)	54.3	58.0	64.6
HSE Management Walk Through Rate (WTR)	13.5	16.6	18.0

	2020	2021	2022
<b>HEADCOUNT</b>			
Full-time employees	2,880	2,929	2,931
Part-time employees	191	0	0
<b>ACCIDENTS/NEAR MISS</b>			
Total number of near misses (including near miss, unsafe condition, unsafe event, unsafe behavior)	1,388	1,509	1,612
<b>PROCESS PERFORMANCE INDICATORS KPI</b>			
Near Miss Rate (NMR)	542.3	16.6	18.0



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 2022 in Hemofarm** (Vršac, Šabac and Dubovac) was five (4 in 2021); which is 20 percent more compared to 2021;
- **the total number of reported near miss events is 1,612 (1,509 in 2021)**, which increased the number of registered unsafe events by 6.8 percent - 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 work injuries in 2022 is 122 (330 in 2021), which is 63 percent less lost days compared to the previous year. In addition to the displayed 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 the walk throughs in 2022 was 448 (433 in 2021), which is 0.35% more compared to 2021. 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.

The company, in addition to direct investments,<sup>50</sup> taking care of the health of its employees, offers a number of additional benefits: insurance against the consequences of an accident (all 24 hours, both at work and outside of work, including the occurrence of disability or loss of life), a voluntary pension fund<sup>51</sup> (for the sake of good life conditions also after retirement), voluntary health insurance (intended for all employees, and covers the costs of medicines, specialist examinations, treatment, operations, etc.), as well as the Solidarity Fund (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 Fund, the well-known Section of Voluntary Blood Donors has been functioning for years, within which more than 500 donors are active at any given time. 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.

## HEMOFARM'S ESG INITIATIVES

### 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, six great female leaders from Hemofarm a.d. and STADA GIS mentored six 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 initiators 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.

<sup>50</sup> 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.

<sup>51</sup> 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.

## HEMOFARM'S ESG INITIATIVES

### Pulse Survey



Hemofarm employees used the opportunity to openly express their opinion on the most important topics in the company in the eighth Global Pulse Survey.

For the third survey in a row, the results show an increase in the response of employees, of which the highest was in Montenegro (full 100 percent). This jump in response numerically expresses the willingness of employees to exchange opinions

and properly reflects the 'Speak up' culture fostered by the entire STADA Group. In this way, the results are more credible and more realistically reflect the true state of the organization. The positive trend is also reflected in increased feedback received - a total of 6,700 comments.

The average result for the region of the Western Balkans is slightly lower compared to the previous survey, whereby the results in Ser-

bia are at an approximate level, in Montenegro they jumped slightly, while in Bosnia and Herzegovina a slight decrease was observed. For better comparison, at the global level the results are also quite similar to those of the previous survey. When it comes to employees' belief that the company will continue to achieve business goals in a stable manner - in Serbia the overall score is 8.7; in B&H 8.8; while in Montenegro it jumped to as much as 9.6.

	SERBIA	MONTENEGRO	B&H
AVERAGE SURVEY SCORES	<b>7.6</b> Current survey	<b>9.0</b> Current survey	<b>7.6</b> Current survey
	<b>7.7</b> Previous survey	<b>8.8</b> Previous survey	<b>8.1</b> Previous survey





# SDG 9

## **Industry, Innovation and Infrastructure**





In addition to making a wide range of Generics and CHC products, as well as the quality prevention and treatment options accessible to patients, Hemofarm and STADA, together with their partners, have been increasingly engaged in the development and supply of added-value Specialties for specific chronic health conditions, conditions that change the quality of life, and rare health conditions.

## UN SDG 9: **INDUSTRY, INNOVATION AND INFRASTRUCTURE**

STADA's contribution to SDGs

**The Sustainable Development Goal 9 advocates for building resilient infrastructure, promoting 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 together with 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**

# Jelena Rankov

Senior Director Global Quality Control



# PRODUCT QUALITY AND SAFETY

**Pharmaceutical portfolio consists of products that have a direct impact on people's health. For this reason, Hemofarm, as a pharmaceutical and healthcare company, is responsible for ensuring maximum safety of its products and thus also the safety of patients.**

The Quality of SEERU<sup>52</sup> Cluster within which Hemofarm operates, with its production sites in Vršac, Dubovac, Šabac, Banjaluka and Podgorica, controls the activities in all production sites, with centralized quality function of Hemofarm, with organizational units at local levels and experts who perform specific activities in each of the sites. In order to ensure the best possible quality, Hemofarm products are subject to strict product safety and quality requirements across the entire value chain – from clinical studies and production to pharmaceutical risk assessment. Internationally valid frameworks such as 'Good Clinical Practice', 'Good Manufacturing Practice' and 'Good Pharmacovigilance Practice' 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 the execution of clinical trials in Germany and internationally are qualified by STADA Group, the member of which is Hemofarm, 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, except where such testing is required by law and without adequate alternative. In 2021 and 2022, STADA, with one exception for a product in China (2022), did not conduct any animal testing studies or initiate such studies through third parties.

## GOOD MANUFACTURING PRACTICE

Hemofarm follows guidelines summarizing Good Manufacturing Practices (GMP) at its production sites that are subject to GMP. 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 reviewed at both Hemofarm's production facilities and at suppliers and contract manufacturers.

The year of 2022 was the year of inspections, where more than 124 days were spent under inspection, while 38 inspections were successfully conducted by: EU GMP (French National Agency for Medicines and Health Products Safety (ANSM) and National Agency for Medicines and Medical Devices of Romania (NAMMDR), EAEU (Eurasian Economic Union), UA (Ukrainian authorities), Institute for Medicines and Medical Devices of Montenegro (CInMED), Medicines Agency of BiH (ALBiH), Ministry of Health of the Republic of Serbia. Audits were also conducted by the contractual partners: Belupo, Galenika, Alkaloid, Hameln, Fresenius Kabi and BBraun, along with internal STADA audits. All this was finally completed with the well-deserved 13 GMP certificates. Apart from the mentioned GMP inspections, recertification was conducted for ISO 9001, ISO 14001 and ISO 45001 standards, as well as recertification for the EU CE mark for the medical device (EN ISO 13485, EU Directive 93/42/EEC) by the ISO certification authorities. All audits and inspections were successfully conducted, without critical or recurrent significant deviations.



Finally, 2022 was marked by activities and improvements of significant global projects:

- **LIMS** (*Laboratory Information Management System*) – Hemofarm employees actively participated in project tasks and solutions of LIMS software in Quality processes at the level of entire STADA Group, rendered support to extension of usage of LIMS production system, and expansion of number of materials tested through LIMS system. The roll-out of the system was successfully implemented at the production site in Banja Luka and the laboratory in Timisoara.
- **eQMS** (*Electronic Quality Management System*) – establishment and use of module for managing audits (Audit), suppliers (Supplier), MOC and trainings (Training) after switching to a new version in 2022.
- **LeanLab** - lean principle has been established in organization of processes and space in laboratories for the purpose of improving the efficiency, transparency and flexibility of processes and freeing of capacities. In the Cluster laboratories, the diagnostic activities have been completed and the necessary activities defined. The laboratory in Banja Luka has completed the activities within Phase 1 of the project, while the remaining laboratories have entered Phase 2 and monitoring has continued. Phase 1 included the introduction of 5S and the Kanban principle and the basic simplification of the process, while Phase 2 focused on the simplification of documentation, the roll-out of the ready-to-use reagent solution principle and the improvement of the automation of data processing. The laboratories that are in Phase 2 are also monitored in 2023.

**Hemofarm helps patients and consumers make informed decisions on how to manage and protect their health through its digital platforms in the area of preventive health education. At the same time, the company studies the attitudes of Europeans and their approach to health through annual STADA Health Reports.**

**Tamara Tomić**  
Senior Director  
SEE Cluster Quality

- New revision of **Annex 1** to the GMP became official with the implementation deadline - August 2023. This was followed by intensive activities during 2022 on identifying deficiencies, defining actions and preparing risk assessment for the control of contamination (Contamination Control Strategy CCS) for all sterile departments.
- There were also intensive activities on preparation of Risk Analyses (for prevention of cross contamination (Cross Contamination Risk Assessment CCRA) for all facilities which are ongoing, data collection, critical determining of products and risk assessment.
- A task group has been established to assess the risk of the presence of nitrosamine impurities in Hemofarm products, as well as to define actions for reducing the risk.
- An assessment of the compliance of all sites with the existing GMP guidelines was also carried out, and actions and projects were defined for the elimination of non-compliance and risk reduction within the framework of the Global Site Quality Risk Assessment (SQRA) process. Regular, quarterly monitoring of the status has been established.
- Reconstruction of the new Liquid Dosage Forms Department in Šabac was successfully completed.
- 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.

Many process improvements have been introduced, leading to increased productivity through the implementation of OpEx programs in all areas. There were activities to further improve the process of training. Video-material for training was introduced, both for new employees and for training for new revisions of procedures, uniform annual GMP testing equal for all sites, electronic recording of trainings by all employees. A training was also organized for qualified lecturers for all employees who are the authors of procedures. Material was prepared which facilitates the onboarding activities for new employees and mentors and makes the entire process more transparent. The procedure for qualification of new manufacturers of excipients was significantly improved, thereby keeping up with the changes in the market.

<sup>52</sup> South East Europe, Russia and Ukraine.



The Cluster Quality, with the support of colleagues from other functions within SEERU is the winner of quarterly awards of the Global Technical Operations of STADA Group for:

- **Entrepreneurship:** introduction of new filters for sterile filtration of SNUP at Podgorica site;
- **Agility:** qualification of new manufacturers for six excipients (lubricant, zinc chloride, butyl-hydroxy anisole, sorbitol, glycerol, essential oil of pine) which were completed in a record time (4-8 weeks), ensured continuity of supply and avoided an out-of-stock situation.
- **Recognizing and acting** in accordance with the company's values in daily work and promotion of Alai vera (Well done!) stories, where the Quality division is presented as a team player during the registration of Dilkoran tablets in Bosnia and Herzegovina. The employees exceeded their regular activities, got engaged and supported the raw material manufacturer in the process of obtaining a GMP certificate, which is just one of the examples of how risks turn into opportunities.

## GOOD PHARMACOVIGILANCE PRACTICES<sup>53 54</sup>

Respecting the needs of product users 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 unwanted 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 employees of Hemofarm 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](mailto: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 a.d. 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.

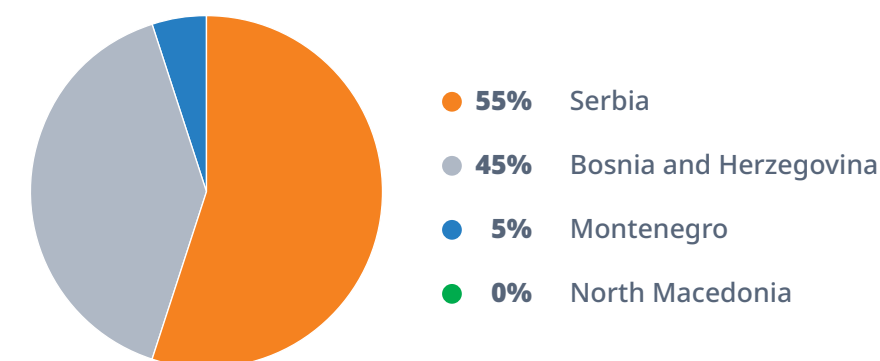
During 2022, 109 reports / cases of adverse drug reactions (ADR) (57 in 2021) were received from healthcare professionals and patients from all markets in which Hemofarm a.d. or a local partner is the marketing authorization holder. Of these, 13 cases were classified as 'severe'<sup>55</sup>, and 96 as 'not so severe'. In 2022, 38 complaints with adverse reaction elements were reported. Most of the reports in 2022 were sent by pharmacists, followed by physicians, 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	20	5	15
PHARMACISTS	60	4	56
PATIENTS	16	4	12
HEALTHCARE PROF.	13	0	13
<b>TOTAL</b>	<b>109</b>	<b>13</b>	<b>96</b>

In ADR by gender, female gender predominated (46 women versus 25 men, there is no data on gender for 38 cases). Most reports came from Serbia (55%), which is also the largest local market of Hemofarm A.D:

### SHARE OF REPORTED ADR CASES BY MARKETS IN 2021



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 a drug side effect.

<sup>53</sup> 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.

<sup>54</sup> 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.

<sup>55</sup> 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 DEVELOPMENT<sup>56</sup>

### Strategic growth orientation with strong competence in development and regulatory.

Hemofarm demonstrates its support to the public health system also through the fact that its pharmaceutical portfolio is tailored in response to the real clinical picture of Serbia, i.e. the real needs of the population and patients in the country and region. Precisely for this reason, one of the important links in Hemofarm's business is the Pharmaceutical Development division because, as they say in the company 'Caring for people's health begins with the pharmaceutical development of products'.

Pharmaceutical development activities are focused on the development of new products for the entire STADA Group, as well as the introduction of new technologies and techniques, and finally the transfer of knowledge and products from Pharmaceutical Development to Technical Operations. Continuous optimization of the process is a priority, while employees strive to reduce the time and costs required for new product development in order to keep up with market requirements, regulations and technological trends in the pharmaceutical industry. During the development of pharmaceutical products, great attention is paid to selection of starting materials for production and packaging, while avoiding use of organic solvents in order to introduce, wherever possible, recyclable materials. Technology also plays an important role in this process, therefore, the one that requires less energy consumption is always selected, with careful care for sorting and disposing of waste.

Entering the fourth decade of Pharmaceutical Development within Hemofarm, the division had 60 employees who were engaged in the development of 48 new products during 2022. More than 320 products, developed in Hemofarm laboratories, have been registered throughout Europe and Asia and are currently produced in Hemofarm's plants in Vršac, Šabac, Banja Luka and Podgorica.

During 2022, the following products from own development were launched on the market of Serbia and Bosnia and Herzegovina:

- **Imunocink tablets for children and adults,**
- **Hepathrombin 1000 gel.**
- **development of another seven new products has started.**

As an expert centre for the development of generic medicinal products, Hemofarm received from STADA Group a significant role in further development of its own products, and the following products were launched in the European Union market in 2022:

- **Eunova capsules,**
- **Magnetrans tablets,**
- **Vildagliptin tablets,**
- **Vildagliptin/Metformin**
- **Ticagrelor film-coated tablets.**

Being the largest development centre within the STADA Group, Hemofarm employees continuously collaborate with colleagues from Germany, Russia, Great Britain, the Czech Republic and Austria, exchanging competences and experiences with the goal of better international cooperation. Additionally, continuous development of the team is also reflected in the cooperation with universities, science centres and other laboratories, as a source of innovation. In this way, the expertise of Hemofarm employees is expanded and the entrepreneurial potential within the company is strengthened, all with the aim of making quality therapy even more available to patients.

<sup>56</sup> These important topics were also presented within Hemofarm's support to fulfilment of SDG 3.

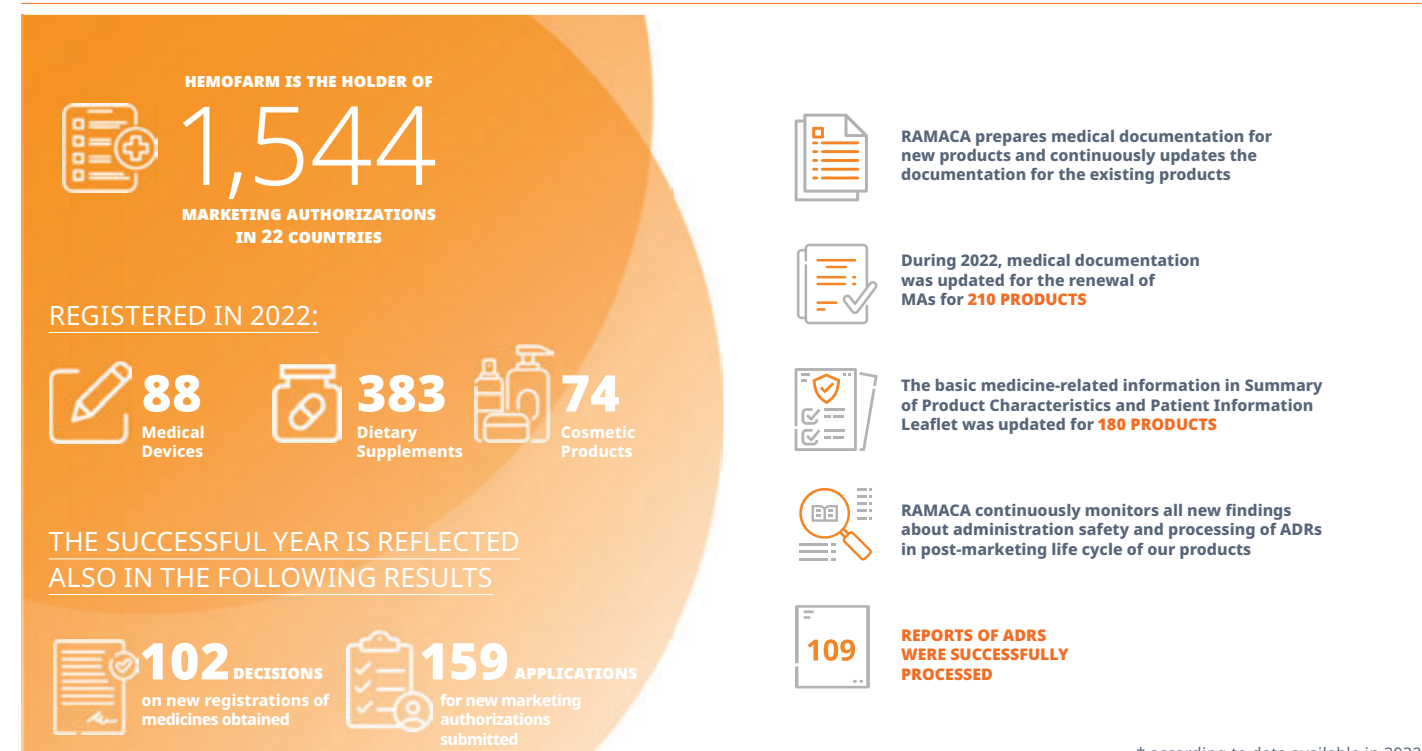
## ACCESS TO MEDICINES<sup>57</sup>

### Developing infrastructure, together with 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 as well as testing laboratories amounted to € 30.3 million in 2022 (€ 39.7 million in 2021), out of which 83.4 percent is invest-

ment in real property, facilities and equipment (€ 25.5 mio) and 16.6 percent is investment in intangible property (€ 5 million). Also, at STADA Group level, additional € 4.4 mio was invested in 2022 in the new supply chain and packaging site in the Romanian town of Turda. Since the beginning of the project, STADA has invested approximately € 14 million in the expansion of this new Romanian location. Turda is expected to be one of the main STADA's distribution hubs, acting as global packaging centre, which would improve access to medicines in Romania and neighbouring countries with potential supply chain cost and pressure lowering.

### PRODUCT REGISTRATION / RAMACA



<sup>57</sup> In this chapter, focus is 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.



# RESPONSIBLE PROCUREMENT<sup>58</sup>

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.<sup>59</sup>

In order to minimize supply 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 its suppliers, and sustainability is seen primarily in its connection with the local suppliers in domestic market.

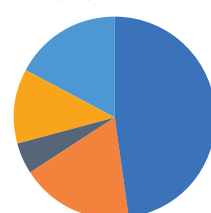
As indicated in the Good Manufacturing Practice section, Hemofarm regularly conducts Good Manufacturing Practice (GMP) audits of suppliers within the scope of its quality management system so that it can ensure its products comply with standards, safety requirements as well as regulations. These audits 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, quality problems, packaging materials and GMP service providers.

In order to ensure and improve the availability of pharmaceuticals, Hemofarm continued its supply chain transformation in 2022. Transparent business relations with existing and potential suppliers represent important aspects of procurement, giving equal chances to everyone, regardless of the territory.<sup>60</sup> With regard to the types of materials, procurement at Hemofarm in 2022 included the following categories:

Group of materials (2022)	Local market (%)	Foreign market (%)	Total share (%)
RAW MATERIALS	5	95	54
PACKAGING	36	64	17
IN-BULK AND FP	2	98	9
SERVICES	88	12	20

Category	2020 (%)	2021 (%)	2022 (%)
RAW MATERIALS	39	39	31
GLASS PACKAGING	7	7	8
PAPER PACKAGING	18	21	33
WOODEN PACKAGING	15	13	11
METAL PACKAGING	3	4	4
PLASTIC PACKAGING	18	16	13

PACKAGING MATERIALS IN 2022.



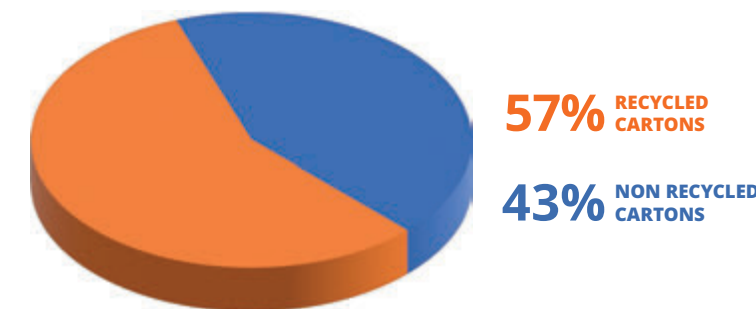
Paper/Cardboard 48%  
Plastic 18%  
Metal 5%  
Glass 12%  
Wood 17%

When observing the procurement of raw materials including active pharmaceutical ingredients (API) and excipients (EXC), the total amount is approx. six thousand tons (5.8 thousand tons in 2021). Packaging materials that were the subject of procurement in 2022 include paper (cardboard) packaging with approximately 6,400 tons, plastic packaging with approximately 2,400 tons, wooden packaging with approximately 2,200 tons, glass packaging with approximately 1,500 tons, metal packaging with around 730 tons, which is a total of about 13,000 tons.

Of the total amount of cartons for packaging of finished products, the share of recycled cartons is 57 percent or 2,350 tons.<sup>61</sup>

Hemofarm is currently working with the external sustainability assessment platform EcoVadis® to implement the EcoVadis® solution as the basis for assessing and evaluating the ESG performance of its suppliers and Contract Manufacturer Organizations (CMO). The ESG assessment is based on a self-assessment by the party being evaluated by the independent Ecovadis experts based on provided documents. This allows the company to pursue the goal of improving the social and ecological aspects of its value chain. A code of conduct will be developed and implemented in 2023 to strengthen the relationship with responsible partners.

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 to meet the planned deadlines for the offered



products and services, to 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.

## HEMOFARM'S ESG INITIATIVES

### 'Superheroes wear masks below their eyes'

Hemofarm Banja Luka's big campaign called 'Superheroes wear masks below their eyes', prompted by the COVID-19 pandemic in order to support healthcare institutions, was carried out in several phases from 2020.

Owing to the funds collected from the sale of Hemofarm's probiotics, vitamins and minerals as part of this campaign in 2022, as many as six ECGs and one CTG device were purchased for healthcare institutions, and support was provided to maternity hospitals and paediatric wards in 15 healthcare institutions throughout Bosnia and Herzegovina. Aid for maternity hospitals included baby changing tables, bedding, length meters, gynaecological chairs, baby scales and products from Hemofarm's portfolio. Superheroes is a drive born during the crisis period caused by the global pandemic, through which a timely contribution was made to the already overburdened healthcare system by purchasing of the necessary medical equipment. The total collected aid amounted to more than KM 170,000 (which is more than 85 thousand euros, as well as aid in medical, protective and other equipment) and included as many as 39 health institutions throughout BiH.

### Mentorship program of Hemofarm Foundation

The program for education of Hemofarm Foundation is one of the most influential programs for future leaders. For three decades, the program has been supporting the best students in acquiring knowledge and skills in the fields of medicine, pharmaceutical, chemical, biological, technological and technical sciences, electrical and mechanical engineering.

To date, 3,720 young people, bearers of positive changes in society, have been supported. The program for education consists of the Scholarship Program, Mentorship Program and Internship Program in Serbia and Germany and represents a form of additional support for young people to master the skills they need for the dynamic labour market with the aim of applying knowledge in Serbia, whether they decide to work in the Hemofarm company or institutions of the healthcare system. In addition to the internship, the Mentorship Program in 2022 was especially marked by lectures by two Nobel Prize winners for Physiology or Medicine - Dr. William G. Kaelin and professor Dr. Andrew Fire, while the cycle of spring lectures was additionally spiced up by the lecture of Dr. Bruce Alberts, one of the most successful cell biologists today.

<sup>58</sup> We strive to offer quality products and services, while constantly supplying the market with medicines.

<sup>59</sup> 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.

<sup>60</sup> General business and purchase terms are available on STADA website, with indicated link to each purchase order: <https://www.stada.com/terms-and-conditions>

<sup>61</sup> 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.





## SDG 12

# Responsible Production and Consumption





It's not only that consumers and market increasingly embrace sustainable products and presentations, but they best testify how Hemofarm seriously takes its responsibility and ESG commitments. That is exactly why we have been continuously striving to make the portfolio even more sustainable to enable additional positive impacts on society and the environment.

## UN SDG 12:

# RESPONSIBLE PRODUCTION AND CONSUMPTION

STADA's contribution to SDGs

**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 "neighbor" 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:



**Resource consumption and waste**



**Decarbonization and climate change**



**Sustainable products**

# Dejan Ivanović

Senior Director SEERU Cluster Operations



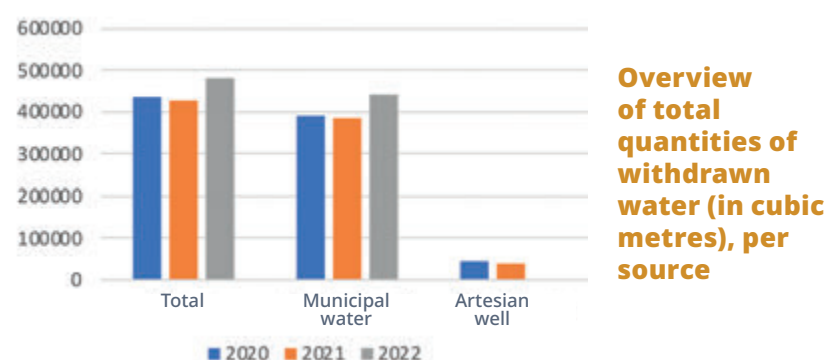
# RESOURCE CONSUMPTION AND WASTE

**Hemofarm continues to responsibly manage the water consumption, which is best illustrated by the fact that the consumption of this valuable resource has increased by 13.1% only, in spite of the significant increase in production volume, viewed in the number of packs.**

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 3.5 %, 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. The consumption of natural gas was reduced by 3.0% in comparison with the year 2021. In 2022 too, Hemofarm had a responsible approach towards waste, generated as an inevitable consequence of performing its core activity. The increase of hazardous waste, that the company exports 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 2021 only. The level of income from sale of non-hazardous waste (secondary raw materials) fell by 6% in 2022 in relation to the income generated in 2021, due to the change of prices of secondary raw materials on the market. In addition, a high level of awareness of care for environment was also demonstrated through the action of the Hemofarm marketing team which initiated placement of recycling machines on some of the most attractive locations in Belgrade and other large cities in Serbia, where citizens could dispose of the packs of their used medicinal products after the end of their therapies, or after the expiry date, receiving vouchers in return which granted them discounts in buying new pharmaceutical products. The project is in its test phase of the pilot version, while adaptation and implementation of the concept will follow.

## WATER CONSUMPTION MANAGEMENT

Water is the most valuable resource nowadays, and unfortunately, it is still unavailable to as many as three billion people worldwide. They are deprived of this vital resource, both for their basic living and sanitary needs, and for prevention of spreading of the pandemic, by washing their hands regularly. 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 13.1%.<sup>62</sup> 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 withdrawn municipal water increased by 14.5%, namely from 387,053 cubic meters in 2021 to 443,137 cubic meters in 2022. The total quantity of water withdrawn from the artesian wells was reduced by 0.4%, namely from 39,831 cubic meters in 2021 to 39,668 cubic meters in 2022.<sup>63</sup> Hemofarm does not jeopardise any of the water withdrawal resources by its withdrawal of water.



<sup>62</sup> An example of responsible water management is recuperation and reuse of technical steam. The steam has no contact with the product 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.

<sup>63</sup> The reduction of water consumption from our own wells comes as a consequence of the change in the quality and performance of such water.

## ENERGY MANAGEMENT AND GAS EMISSION

For Hemofarm, energy efficiency and rational management of consumption of energy and other resources in general are one of the crucial proofs of degree of responsibility and sustainable development. In addition to short-term activities, initiatives and projects, the company endeavours 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 of further upgrade of 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 an 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.
- 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), this also generates savings in maintenance costs; these activities have been continued at all Hemofarm sites: in Vršac, the lights were replaced in parts of the Injectables Plant (PIP) and the Sterile Products Plant (PSP), in the Microbiological Laboratory and the High-Bay Warehouse (VRS), as well as in the Engineering Utilities Department facilities.
- The successful implementation of the earlier implemented measures continued successfully in 2022 as well – use of 'insulation jackets' <sup>64</sup> on

technical steam and condensate distribution systems, utilisation of 'waste heat' for heating facilities with the aid of the Total Heat Recovery module<sup>65</sup> and preparation of sanitary water by means of flash steam, heating facilities by using low-temperature water instead of technical steam, reduction of working pressure of compressed air and technical steam in Šabac, as well as optimisation of operation of some HVAC systems in the periods when manufacturing conditions allow that, etc.

## WASTE MANAGEMENT – CHANCE FOR POSITIVE ENVIRONMENTAL FOOTPRINT

Hemofarm je velika kompanija, ali nije veliki zHe-mofarm is a large company, yet it is not a large polluter because pharmaceutical business falls under 'white-collar industries'. They are neither large polluters nor large generators of waste, as an unavoidable by-product of manufacturing activities. Furthermore, 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.<sup>66</sup> According to the Plan, Hemofarm cooperates with authorised operators that assume the obligation to dispose of the subject packaging material in a proper manner.<sup>67</sup>

<sup>64</sup> 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.

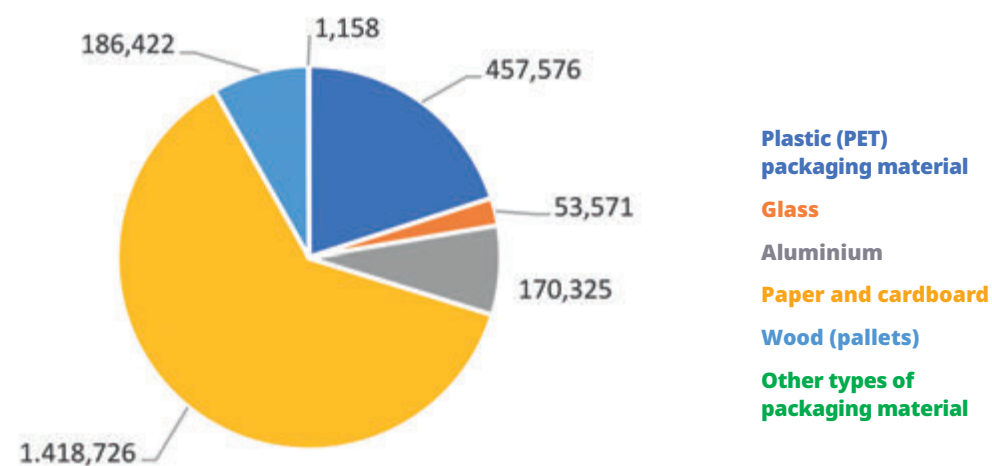
<sup>65</sup> The chiller primarily produces cooling energy, and the heat is released from the working utility in the process. Instead of being discharged into the atmosphere, through the THR module of the chiller, the heat released in such a manner ('waste heat') is used for heat supply which can reach up to 130% of the cooling capacity of the chiller.

<sup>66</sup> 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.

<sup>67</sup> The materials that can be subject to recycling mainly include packs, transportation packaging material and patient information leaflets.



## QUANTITY OF PACKAGING MATERIAL CONSIGNED TO OPERATORS IN 2022

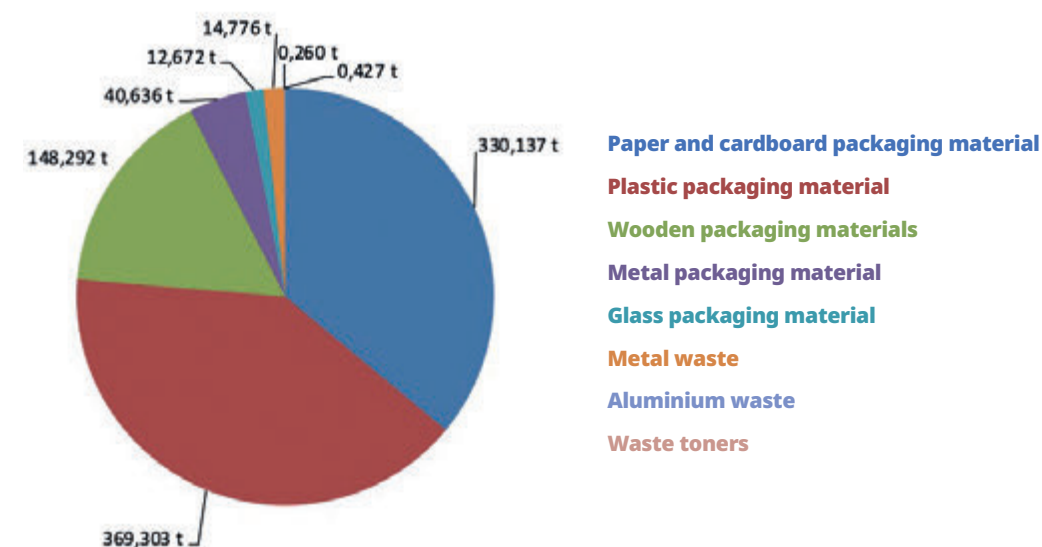


Overview of industrial waste trend per type (hazardous/non-hazardous), and usage value (with/without usage value) in tonnes for the year 2022 is presented in the table and the graph below.

2022	GENERATED	CONSIGNED
Total non-hazardous waste	951.199	951.024
Non-hazardous waste with usage value (consigned to authorised operators for possible recycling)	916,565	916,503
Non-hazardous waste without usage value (consigned to authorised operators for disposal)	34.634	34.521
Total hazardous waste	399.515	412.455
Hazardous waste with usage value (consigned to authorised operators for possible recycling)	6,526	7,941
Hazardous waste without usage value	392.989	404.514
Exported independently		267.31
Consigned to operators		85.027
<b>TOTAL (hazardous and non-hazardous)</b>	<b>1350.714</b>	<b>1363.479</b>

In 2022, Hemofarm generated a total of 1,350.72 tons of industrial waste (1,174.15 t in 2021), out of which 399.52 tons of hazardous waste (294.17 t in 2021). Out of the total quantity of hazardous waste without usage value, Hemofarm independently exported 267.31 tons (76%), having renewed the licence for independent export with the competent ministry. The non-hazardous waste with usage value that can be recycled (916.565 t) was consigned to operators for further processing.

## QUANTITIES OF RECYCLABLE WASTE CONSIGNED TO OPERATORS



The increase in production volume was coupled with the increase of generating total waste in 2022, by about 15% 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.<sup>68</sup> 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.

RESOURCES CONSUMPTION	2020	2021	2022	DIFFERENCE	
Electricity consumption (kWh)	48,515,549	49,576,066	51,380,081	<b>+3.5%</b>	Increased electricity consumption as a consequence of significant increase in volume of production and packaging
Gas consumption (m³)	6,332,939	6,885,593	6,685,487	<b>-3.0%</b>	Lower consumption of gas as a result of higher temperatures and reconstructions
Public water supply system (m³)	391,527	387,053	443,137	<b>+14.5%</b>	The total consumption of water increased in relation to the previous year as a consequence of significant increase in volume of production and packaging
Artesian wells (m³)	45,028	39,831	39,668	<b>-0.4%</b>	
Total water consumption (m³)	436,555	426,884	482,805	<b>+13.1%</b>	

<sup>68</sup> 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.



Consumption of greenhouse gases (Freons) /GHG consumption (Freons) / (kg)	2020	2021	2022
FREON R404A	568.0	50.0	109
FREON R134A	720.0	360.0	775.2
FREON R507	259.9	67.8	135.6
CONSUMPTION PER FINISHED PRODUCT PACK	0.0000056	0.0000017	0.0000033

GHG emissions (Freons) / (tCO <sub>2</sub> eq)	2020	2021	2022
FREON R404A	2,239.5	197.1	429.77
FREON R134A	936.0	468.0	1,007.8
FREON R507	1,035.7	270.2	540.4
EMISSION PER FINISHED PRODUCT PACK	0.000015	0.0000032	0.0000064

Waste management / (t) generated/disposed of	2020	2021	2022
HAZARDOUS	335.26/388.12	294.17 / 214.69	399.52 / 412.46
NONHAZARDOUS	666.25/664.72	879.98 / 879.89	951.20 / 951.20

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

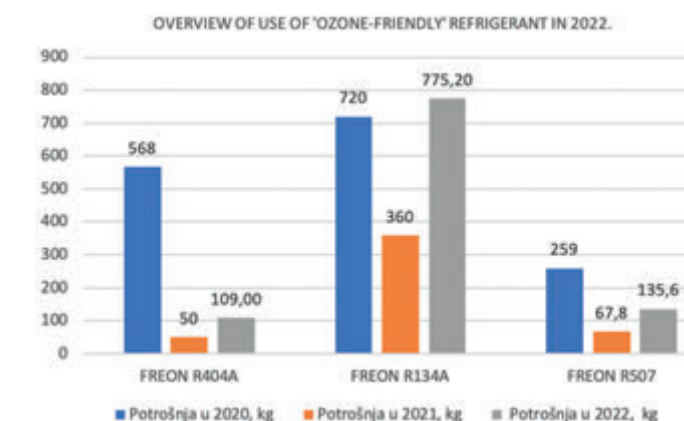
## DECARBONIZATION AND CLIMATE CHANGE

**As part of our Sustainability Approach and the revised Global Policy, STADA Group, and consequently Hemofarm, set a goal to reduce their emissions from the following group: Scope 1 & 2 GHG emissions – by 42% (2020 – 2030), in line with the Paris Agreement and to increase the supply of electricity from renewable sources to 50% by 2030.**

Natural gas and electricity are primary energy sources in Hemofarm. Energy is the critical source, and efficient use of energy 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 2022, the consumption of electricity was increased by 3.5% in relation to 2021 at Vršac and Šabac sites (of which 40,450,644 kWh were consumed in Vršac, while 10,929,437 kWh were consumed in Šabac). In addition to unfavourable climate conditions, this slight increase in consumption in relation to 2021 resulted from the increase in production volume. As a source of energy, natural gas is predominantly consumed at the departments for chemical treatment of water – 31.1% of produced thermal energy is needed for the production of purified water, water for injections, and clean steam in Vršac. Among other large segments of natural gas consumption are heating of premises and other technological processes. The decrease in gas consumption by 3.0% in 2022 was for the most part a result of the reconstruction works at the Infusion Solutions Department, as well as somewhat higher temperatures in the end of the year, owing to which the Heat Recovery System could be used to a much larger degree than usual. The reduction of gas consumption is noticeable in Vršac, while the gas consumption in Šabac was at a level similar to the one recorded in the year 2021 (+0.2%). In addition to the increase of production volume, higher demands for control of relative air humidity were also observed in the summer period. Certainly, the slight reduction of gas consumption also came as a result of applied measures for improvement of

Overview of consumption of electricity (Vršac and Šabac plants)	2020	2021	2022
Electricity, KWh	48,515,549	49,576,066	51,380,081
Electricity, GJ	174,655.98	178,473.84	184,968.29

OVERVIEW OF GAS CONSUMPTION	2020	2021	2022
Gas / (m <sup>3</sup> )	6,332,939	6,885,593	6,685,487



energy efficiency and all the more intensive management of energy. As in the case of consumption of water and electricity, the data on energy sources consumption are even more noteworthy if the very obvious increase of production volume is taken into account. 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 2022, a total of 1,019.8 kg of 'ozone-friendly' refrigerant were delivered to Hemofarm (477.8 kg in 2021) for use in cooling equipment.



## SUSTAINABLE PRODUCTS

Consumers are increasingly looking for sustainable products and packaging material, while products 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 user.

In the course of 2022, 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 by GRIP SHEETS, the replacement is underway 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 in place 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.



In addition, 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 product was thus reduced by several thousand kilograms and significant financial savings were achieved.

Taking into account all the aforesaid, Hemofarm remains devoted 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.

### HEMOFARM'S ESG INITIATIVES

## Green information technologies for an even better management and ethical business operation



**Digitalisation of pharmaceutical industry has significantly expanded the potentials of this industry for sustainable development.**

The progress in information technology (IT) has opened new possibilities, such as data analysis, artificial intelligence, and machine learning, enabling pharmaceutical companies to enhance their processes, improve their productivity, and reduce waste. Such technologies are valuable in rationalisation of the supply chain management, they minimise the environmental footprint, and contribute to a more efficient utilisation of resources, by which they comply with the principles of sustainable development. Through

its commitment to innovation and improvement, Hemofarm makes a good example of such practices, having utilised the advantages of digital tools in order to strengthen the processes of production and distribution. Utilising the power of IT in achievement of its sustainable development goals, Hemofarm has been demonstrating how digital progress in pharmaceutical industry can also optimise the operative efficiency and affirm the dedication to environmental and social management. In the year 2022 only, having migrated to the Microsoft Azure Cloud solutions, the company saved 99.58%<sup>69</sup> of its carbon emissions, in comparison with other equivalent offline or cloud solutions.

## Installation of solar panels at Hemofarm site in Timisoara

As part of the Electric-Up Project, 243 photovoltaic panels were installed on the building of Hemofarm laboratory in Timisoara in the course of 2022. This is yet another way in which our company invests efforts towards an even more positive impact on the environment. The full effect of utilisation of solar energy will be presented in the following reporting year.



## INVESTING IN SUSTAINABLE FUTURE 120 trees planted on the premises of the factory

Honouring the Earth Day, which is marked on 22nd April every year, 120 trees were planted in the complex of the factory in Vršac. This initiative additionally enriched the flora of Hemofarm in Vršac and made the working environment healthier, cleaner, and more beautiful. The action was com-

pleted with the support of the Services Providing Department. Seedlings of various deciduous trees were planted, such as catalpa, red plum, liquidambar and ash, as well as coniferous tree seedlings, such as thuja occidentalis Golden, Mr. Bowling Ball thuja, and pine. The planting action was com-

pleted in collaboration with our business partners from the Bašta-Mašta company, which has taken care of the looks of the Vršac plant complex for a number of years already. The planting lasted for seven days, and a message is sent out that the idea and mission of making the environment greener does not end here by any means. On the contrary, the following actions are already in the pipeline.

<sup>69</sup> Based on the data obtained from the Microsoft software reporting service.





## SDG 17

# Partnership for the Goals





Along with our purpose of Caring for People's Health as a Trusted Partner, social responsibility and commitment to public health are at the core of our entire business, as the mainstay of a strong growth culture. Accordingly, our overarching corporate governance ensures not only the compliance of all activities with the applicable laws and regulations, but it increasingly extends to our partners. This is how all of us together make our society and environment a better place.

## UN SDG 17: **PARTNERSHIP FOR THE GOALS**

STADA's contribution to SDGs

**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

**Nikola  
Turkan**

Senior Director Finance (CFO)



## GOVERNANCE AND ETHICAL 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 unlawful behaviour 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 from it. Operating fairly and transparently, in accordance with legal acts, internal compliance procedures and the provisions of the 'Medicines for Europe' Code of Conduct, for the second year in a row, Hemofarm has been publishing 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 CODE OF CONDUCT<sup>70</sup>

**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, in the reporting year, electronic confirmation was introduced 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. In addition, a comprehensive digital training management system for employees 'Hero', was introduced, which enables the company to ensure the actual implementation of mandatory compliance training by employees. A global policy on whistleblowing was implemented in 2021 and forms 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. The Global Marketing & Sales Policy, which provides the framework for marketing pharmaceuticals, was updated during 2022 to currently reflect all the requirements of the following organizations:

### HEMOFARM'S ESG INITIATIVES

## People to People of Hemofarm Foundation

Considering that we live in extremely turbulent times, as well as the speed and pace of life, perhaps it has never been more important to stop and pay attention to the world around us. One of the basic activities of Hemofarm Foundation is precisely that, to see who needs help the most and where help is most needed at a particular moment, by attentively observing the environment. Thus, in 2022, it conducted three volunteer actions, including the voluntary blood donation action 'Your 5 minutes, someone's whole life', the action to support the soup kitchens in Vršac and Šabac, during which a ton of food was collected, and the action to help the children of Ukraine, in which the funds in the amount of EUR 41,260 were collected and donated. In the same spirit, Foundation supported marking of the National Giving Day and the action 'Save Food, Save Humanity' in the organization of the Serbian Philanthropy Forum, aimed at raising awareness of citizens about the problem of throwing food and insufficient food donations. Last but not the least, Hemofarm Foundation responded to a call of the town of Vršac and made the children from the Home for Children and Youth 'Vera Radivojevic' in Bela Crkva happy by donating the New Year's gifts to them.

Code of Conduct of Medicines for Europe, an association of European pharmaceutical companies in the field of biosimilars and generics, of which the STADA Group is a member. The main changes to this Directive include the cross-border publication of payments to healthcare professionals and the dispensing of samples of medicinal products.

Last but not least, the Global Anti-Money Laundering Policy, the Transfer Pricing Guidelines, and the Global Approval Principles were updated, and several new Policies, such as the Crisis Management Policy, were issued in 2022.

<sup>70</sup> Code of Conduct is published on the company's website at: Hemofarm - Poslovanje - Korporativni kodeksi.



# 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 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, insulate 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 data protection and industry codes, proposes process optimization, and frequently liaises with other stakeholders and key business areas and departments.

An 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.

For the fifth year in a row, the digital service called 'E-Secretary', which was already presented in earlier editions of Hemofarm's Reports on Sustainable Development, has been playing an 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 2022. Likewise, the existing central database of concluded contracts was upgraded by implementing new functionalities and enabling a simpler and faster document search. The Legal Affairs organization was also improved through the implementation of the new Legal Business Partner concept, 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.

During 2022, the compliance team was expanded, since the provision of support in that area for the

territory of Serbia and the Western Balkans cluster was territorially extended to the area of Southeast Europe.

## 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.

With that in mind, the employees embody the company's values through their actions both in and out of work, thus making them a guiding principle in their business. 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 into 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', which is published quarterly, also contributes to maintaining good communication and networking within the company. With four editions in 2022 translated in multiple different languages and local versions, this newsletter guarantees inclusivity and accessibility. The company also held multi-

ple global townhall meetings, streamed live on the intranet with real-time translations in eight languages. Furthermore, internal events targeted at 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 awards<sup>71</sup>). The annual STI (Short Term Incentive) scheme, used for regular monitoring of employees' performance, also testify that the values are embedded in all activities.

## RESPECT FOR HUMAN RIGHTS

An ongoing raising of employee awareness about the prevention of illegal behaviour and respect for human rights remains the company's focus, so during 2022 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.

Additionally, the process of mandatory training in the field of compliance and personal data protection was digitized within the existing HERO system in 2022, which contributed to a more systematic approach to the completion of employees' training, as well as a significant increase in the training rate of all employees in the company. Giving a digital statement by employees on the non-existence of the conflict of interests, and on the familiarity with the Code of Conduct of STADA Group employees was additionally implemented.

Furthermore, the ten principles of the UN Global Compact were successfully incorporated in a growing proportion of new product supply agreements that suppliers adhere to. This commitment

## HEMOFARM'S ESG INITIATIVES

### 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 komuna 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.

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.

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. Implementation began in 2022 and initial suppliers were evaluated accordingly. In 2023, further operational implementation will take place to address certain ESG aspects to our suppliers and to identify and manage environmental or human rights risks and initiate remediation measures accordingly. Contracts negotiated since financial year 2016 pursuant to the Corporate Policies and which have been negotiated in connection with the production of finished goods sometimes include clauses to comply with the ten principles of the UN Global Compact.

<sup>71</sup> 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 a global townhall meeting with recognition and respect for their business success as a motivation to others.



This is associated with an obligation to, among other things, support and respect the protection of international human rights and ensure that neither party is complicit in any violations of human rights and commits to the removal of all forms of compulsory labour and to the elimination of child labour.

## DATA PRIVACY AND SECURITY

Hemofarm respects the privacy rights of its clients and other stakeholders, and processes personal data exclusively for specific business purposes and protects it 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.<sup>72</sup>

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 third parties. All employees are obliged to use confidential information obtained 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 protection is an important duty 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 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). It implements 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 secured for professional development of as many as 18,290 health professionals through 88 continual medical education programs within the projects of Hemofarm Foundation Academy.

In 2022, Hemofarm Foundation implemented 56 activities within the programs for health, education and culture. The mental health campaign 'Unbreakable' for breaking the stigma and prejudice around it was continued also in this reporting year through regular publishing of posts on social networks, blogs of professionals and personal stories of the people fighting depression, then SOS support lines, etc. Furthermore, a two-day training for work on the SOS line 0800 001 002 was also organized for more than 50 doctors, psychologists and psychiatrists from four special hospitals for



Besides legal requirements and relevant regulations, the regulatory framework in which Hemofarm operates encompasses the provisions of the Internal Control and Risk Management System of STADA Group, and the Code of Conduct and relevant corporate policies, believing that business ethics starts with each and every one of us.

**Sanja Manasijevski**  
Senior Director / Legal Affairs  
and Commercial Projects

psychiatric diseases in Vršac, Kovin, Novi Kneževac and Gornja Toponica. After the training, the doctors provided 24/7 support free of charge through the SOS line and e-mail: [podrska@nesalomivi.rs](mailto:podrska@nesalomivi.rs). The result was as follows:

- **The support via SOS calls was provided to more than 15,000 people;**
- **More than 50 personal stories and more than 30 texts on the topic of preserving mental health were published on the 'Unbreakable'<sup>73</sup> website and related social networks.**

In 2022, in recognition for all the effort invested to the benefit of society, Hemofarm Foundation received the VIRTUS award for the most innovative project of the year for 'Unbreakable' campaign, the EFFIE Silver Award, as well as the Emerging Europe

Award in the category People – Health and Social Care. Since being launched, this campaign has received 14 awards and recognitions in total, which makes it the most awarded project in the history of Hemofarm Foundation. Suzana Đorđević, Director of Hemofarm Foundation, was awarded as the CSR Manager of the Year in Serbia in 2022.

Other activities of Hemofarm Foundation in 2022 included the support to institutions and associations, of which the most significant donations were allocated to the Emergency Center of the University Clinical Center of Serbia (UKCS), GAK Narodni Front, the Multiple Sclerosis Society of Serbia and the Society of Neurologists of Serbia.

<sup>72</sup> More details described through SDG 9 and Good Pharmacovigilance Practice

<sup>73</sup> Unbreakable | Homepage - Unbreakable



# Reporting Framework with GRI Index

SECTION  
03



**Saša  
Urošević**

Senior Director Hemofarm Banja Luka

A growth trajectory and the leadership position of Hemofarm give rise to an increasing responsibility of the company in caring for people's health. To that aim, in the future, Hemofarm will, among other initiatives, keep on developing infrastructure and investing in manufacturing sites, distribution and supply chain, while continuously improving the access to medicines in the countries in which it operates.

## REPORTING PRINCIPLES

### MATERIALITY MATRIX

The starting point for the preparation of this report is STADA and Hemofarm Materiality Matrix based on double materiality assessment (presented at the beginning of the report), which represents a comparative overview of 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 2022 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](mailto: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 2022 up through 31 December 2022. Comparative data from previous years are also shown, wherever possible. Financial and economic indicators are taken over from Hemofarm's financial report for 2022 and STADA's Annual Report 2022, 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 on providing impartial and objective presentation of results. Objective presentation of the company results in 2022, in the economic, environmental, and social segments, is based on GRI methodology, which presents relevant 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 2021) as well as other sustainability reports of Hemofarm, as of 2012 since when the company reports 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 2022 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 audit company EY verified this report relying on standards and requirements of globally recognized GRI methodology.



GRI Index<sup>74 75</sup>

# GENERAL DISCLOSURES

DISCLOSURE	REFERENCES
2-1 Detalji o organizaciji	
a. Report its legal name;	Section 1 of this Report / page 9
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 / page 9
d. Report its countries of operation	Section 1 of this Report / page 9
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 / page 9 and Section 3 of this Report/ page 62
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, 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.	/

<sup>74</sup> 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).

<sup>75</sup> 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 / page 2
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 STADA for 2021.  In 2022, Hemofarm had no changes in the ownership and with regard to the data presented in the previous reporting cycle (for 2021.), there were no significant subsequent adjustments of the previously stated figures.
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 2022
b. Describe its value chain, including:	Section 1 of this Report / Chapter Company Profile 2022
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 / page 12
iii. the entities downstream from the organization and their activities;	Section 1 of this Report / Chapter Company Profile 2022
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
<b>2-7 Employees</b>	
a. Report the total number of employees, and a breakdown of this total by gender and by region;	Section 2 of this Report / pages 30-33
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 / pages 30-33
<b>2-8 Workers who are not employees</b>	
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 / pages 30-33
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
<b>2-9 Governance structure and composition</b>	
a. Describe its governance structure, including committees of the highest governance body	Section 1 of this Report / page 11
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 / page 11
c. Describe the composition of the highest governance body and its committees by:	
i. executive and non-executive members;	Section 1 of this Report / page 11
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 <a href="https://www.hemofarm.com/srb/menadzment">https://www.hemofarm.com/srb/menadzment</a>
iv. number of other significant positions and commitments held by each member, and the nature of the commitments;	In 2022 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) <a href="https://www.hemofarm.com/srb/menadzment">https://www.hemofarm.com/srb/menadzment</a>
viii. stakeholder representation	/
<b>2-10 Nomination and selection of the highest governance body</b>	
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) <a href="https://www.hemofarm.com/srb/menadzment">https://www.hemofarm.com/srb/menadzment</a>



DISCLOSURE	REFERENCES
<b>2-11 Chair of the highest governance body</b>	
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.
<b>2-12 Role of the highest governance body in overseeing the management of impacts</b>	
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 Culture and People director (CPO) 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 could be found in STADA Annual Report 2022 <a href="https://www.stada.com/investor-relations/financial-publications/annual-report-2022">https://www.stada.com/investor-relations/financial-publications/annual-report-2022</a> p. 67
<b>2-13 Delegation of responsibility for managing impacts</b>	
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 the Chief People Officer.
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), Culture and 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 2022.
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. Internal communication, especially in the first half of 2022, was thus used, among other measures, to provide Ukrainian employees with urgently needed assistance, to promote an exchange among employees and to strengthen the One STADA spirit in order to also continue to maintain communication as well as cooperation throughout the STADA Group.



DISCLOSURE	REFERENCES
<b>2-17 Collective knowledge of the highest governance body</b>	
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.
<b>2-18 Evaluation of the performance of the highest governance body</b>	
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 2022
<b>2-19 Remuneration policies</b>	
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 2022.: <a href="https://www.stada.com/investor-relations/financial-publications/annual-report-2022">https://www.stada.com/investor-relations/financial-publications/annual-report-2022</a> p. 200</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;	<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>
v. retirement benefits;	
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 2022.: <a href="https://www.stada.com/investor-relations/financial-publications/annual-report-2022">https://www.stada.com/investor-relations/financial-publications/annual-report-2022</a> p. 200</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 2022: <a href="https://www.stada.com/investor-relations/financial-publications/annual-report-2022">https://www.stada.com/investor-relations/financial-publications/annual-report-2022</a> p. 200
i. whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration;	Additional data is currently not publicly available in accordance with applicable corporate procedures and rules.  Members of the Board of Directors have remuneration objectives related to ESG.
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 2022: <a href="https://www.stada.com/investor-relations/financial-publications/annual-report-2022">https://www.stada.com/investor-relations/financial-publications/annual-report-2022</a> p. 200  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
<b>2-23 Policy commitments</b>	
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	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 href="http://www.stada.com">www.stada.com</a>  More details could also be found in STADA Annual Report 2022. <a href="https://www.stada.com/investor-relations/financial-publications/annual-report-2022">https://www.stada.com/investor-relations/financial-publications/annual-report-2022</a> p. 67
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
<b>2-27 Compliance with laws and regulations</b>	
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 2022, 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.)
<b>2-28 Membership associations</b>	
a. Report industry associations, other membership associations, and national or international advocacy organizations in which it participates in a significant role	<p>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.</p> <p>Hemofarm is a member of the United Nations Global Compact.</p>
<b>2-29 Approach to stakeholder engagement</b>	
a. Describe its approach to engaging with stakeholders, including:	<p>Internal and external stakeholders are engaged in Hemofarm's stakeholders engagement process.</p> <p>Section 1 of this Report / page 15</p> <p>Hemofarm seeks feedback from its stakeholders considering double materiality and its ESG impacts.</p>
i. the categories of stakeholders it engages with, and how they are identified;	
ii. the purpose of the stakeholder engagement;	
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
<b>2-30 Collective bargaining agreements</b>	
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
<b>3-1 Process to determine material topics</b>	
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 would be active from Q2 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
<b>3-2 List of material topics</b>	
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
<b>3-3 Management of material topics</b>	
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 <a href="http://www.stada.com">www.stada.com</a> ; 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 was formally accepted in Q2 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
<b>GRI 201: Economic Performance 2016</b>	
<p><b>201-1 Direct economic value generated and distributed:</b></p> <p>a. Direct economic value generated and distributed (EVG&amp;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&amp;D separately at country, regional, or market levels, and the criteria used for defining significance.</p>	<p>In financial year 2022., Hemofarm AD generated sales of EUR 398,987,772.44 ( which represents growth of 20.81% compared to 2021 when EUR 330,263,614.11 was accomplished)</p> <p>The accomplished EBITDA in 2022 amounts to EUR 59,951,055.55 (representing a growth of 7.94% compared to 2021 when EUR 55,541,094.94 was accomplished)</p> <p>More information on financial assets presented within STADA Annual Report 2022 <a href="https://www.stada.com/investor-relations/financial-publications/annual-report-2022">https://www.stada.com/investor-relations/financial-publications/annual-report-2022</a> p. 22, 42</p>
<p><b>201-2 Financial implications and other risks and opportunities due to climate change:</b></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 2022.</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 evaluate climate adaptation aspects to its business in 2023/24.</p>
<p><b>201-3 Defined benefit plan obligations and other retirement plans</b></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><b>201-4 Financial assistance received from government</b></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><b>202-1 Ratios of standard entry level wage by gender compared to local minimum wage</b></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><b>202-2 Proportion of senior management hired from the local community</b></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
<b>GRI 203: Indirect Economic Impacts 2016</b>	
<p><b>203-1 Infrastructure investments and services supported</b></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 / page 11. and Section 2 of this Report / page 43.</p> <p>More data available in STADA Annual Report 2022. <a href="https://www.stada.com/investor-relations/financial-publications/annual-report-2022">https://www.stada.com/investor-relations/financial-publications/annual-report-2022</a> starting from p. 42, and at <a href="http://www.stada.com">www.stada.com</a></p>
<p><b>203-2 Significant indirect economic impacts</b></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>Since its establishment 1993 until end of 2022, Hemofarm Foundation (HFF), conducted a total of 2,306 activities and supported 3,720 young people, future leaders in the health, pharmaceutical, and technology industries. HFF invested close to 14 million EUR in programs for health, education and culture that make a difference in society and distinguish the Hemofarm company from other companies in the pharmaceutical industry. Only in the period from 2015 to 2023, HFF implemented a support program for more than 70 health institutions worth more than EUR 600,000.00 by donating medical instruments and equipment to improve work processes and patient health. During the past eight years, the HFF has been awarded 41 times for its work at the global, European, regional, and national levels. More than 100 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 <a href="https://www.fondacijahemofarm.org.rs/eng">https://www.fondacijahemofarm.org.rs/eng</a></p> <p>HFF's activities are awarded with prestigious domestic and international awards every year. The "Unbreakables" campaign was awarded five times in 2022, which is a total of 14 awards in global, European, regional and national competitions: Emerging Europe award, EFFIE Serbia 2022 silver award, and VIRTUS special award for the most innovative project for 2022</p>
<b>GRI 204: Procurement Practices 2016</b>	
<p><b>204-1 Proportion of spending on local suppliers</b></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 / page 44.</p>
<b>GRI 205: Anti-corruption 2016</b>	
<p><b>205-1 Operations assessed for risks related to corruption</b></p> <p>a. Total number and percentage of operations assessed for risks related to corruption</p> <p>b. Significant risks related to corruption identified through the risk assessment.</p>	<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 2022.</p>



DISCLOSURE	REFERENCES
<p><b>205-2 Communication and training about anti-corruption policies and procedures</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.</p> <p>e. Total number and percentage of employees that have received training on anticorruption, broken down by employee category and region.</p>	<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>
<p><b>205-3 Confirmed incidents of corruption and actions taken</b></p> <p>a. Total number and nature of confirmed incidents of corruption.</p> <p>b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.</p> <p>c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.</p> <p>d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.</p>	<p>In 2022 there were no confirmed incidents of corruption.</p>
<b>GRI 206: Anti-competitive Behaviour 2016</b>	
<p><b>206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices</b></p> <p>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.</p> <p>b. Main outcomes of completed legal actions, including any decisions or judgements.</p>	<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
<b>GRI 207: Tax 2019</b>	
<p><b>207-1 Approach to tax</b></p> <p>A description of the approach to tax, including:</p> <ul style="list-style-type: none"> <li>i. whether the organization has a tax strategy and, if so, a link to this strategy if publicly available;</li> <li>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;</li> <li>iii. the approach to regulatory compliance;</li> <li>iv. how the approach to tax is linked to the business and sustainable development strategies of the organization.</li> </ul>	<p>All economic performance data, including tax, is presented in STADA Annual Report 2022. <a href="https://www.stada.com/investor-relations/financial-publications/annual-report-2022">https://www.stada.com/investor-relations/financial-publications/annual-report-2022</a> starting from p. 42</p>
<p><b>207-2 Tax governance, control, and risk management</b></p> <p>a. A description of the tax governance and control framework, including:</p> <ul style="list-style-type: none"> <li>i. the governance body or executive-level position within the organization accountable for compliance with the tax strategy;</li> <li>ii. how the approach to tax is embedded within the organization;</li> <li>iii. the approach to tax risks, including how risks are identified, managed, and monitored;</li> <li>iv. how compliance with the tax governance and control framework is evaluated.</li> </ul> <p>b. A description of the mechanisms to raise concerns about the organization's business conduct and the organization's integrity in relation to tax.</p> <p>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).</p>	
<p><b>207-3 Stakeholder engagement and management of concerns related to tax</b></p> <p>A description of the approach to stakeholder engagement and management of stakeholder concerns related to tax, including:</p> <ul style="list-style-type: none"> <li>i. the approach to engagement with tax authorities;</li> <li>ii. the approach to public policy advocacy on tax;</li> <li>iii. the processes for collecting and considering the views and concerns of stakeholders, including external stakeholders</li> </ul>	
<p><b>207-4 Country-by-country reporting</b></p> <p>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.</p> <p>b. For each tax jurisdiction reported in Disclosure 207-4-a</p> <ul style="list-style-type: none"> <li>i. Names of the resident entities;</li> <li>ii. Primary activities of the organization;</li> <li>iii. Number of employees, and the basis of calculation of this number;</li> <li>iv. Revenues from third-party sales;</li> <li>v. Revenues from intra-group transactions with other tax jurisdictions;</li> <li>vi. Profit/loss before tax;</li> <li>vii. Tangible assets other than cash and cash equivalents;</li> <li>viii. Corporate income tax paid on a cash basis;</li> <li>ix. Corporate income tax accrued on profit/loss;</li> <li>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.</li> </ul> <p>c. The time period covered by the information reported in Disclosure 207-4.</p>	

DISCLOSURE	REFERENCES
<b>GRI 301: Materials</b>	
<b>301-1: Materials used by weight or volume</b>  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 / page 44.
<b>301-2: Recycled input materials used</b>  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 2022 are presented in Section 2 of this Report / page 45.
<b>301-3: Reclaimed products and their packaging materials</b>  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.
<b>GRI 302: Energy</b>	
<b>302-1: Energy consumption within the organization</b>  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 / pages 50-52  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												
<p><b>302-2: Energy consumption outside of the organization</b></p> <p>a. Energy consumption outside of the organization, in joules or multiples.</p> <p>b. Standards, methodologies, assumptions, and/or calculation tools used.</p> <p>c. Source of the conversion factors used.</p>	<p>Not applicable as Hemofarm's products are pharmaceutical products and do not consume energy.</p>												
<p><b>302-3: Energy Intensity</b></p> <p>a. Energy intensity ratio for the organization.</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio.</p> <p>c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all.</p> <p>d. Whether the ratio uses energy consumption within the organization, outside of it, or both.</p>	<p>a. The energy intensity ratio is as follows</p> <table><tr><th></th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td>Energy consumption in MWh per 1 mill packs (internal production)*</td><td>458.1</td><td>519.3</td><td>509.3</td></tr><tr><td>Energy consumption in MWh / k€ Sales</td><td>0.10</td><td>0.10</td><td>0.09</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)</p> <p>c. energy includes all fuel types as disclosed in GRI 302-1</p> <p>d. energy intensity ratio is based on energy consumption of STADA</p>		2020	2021	2022	Energy consumption in MWh per 1 mill packs (internal production)*	458.1	519.3	509.3	Energy consumption in MWh / k€ Sales	0.10	0.10	0.09
	2020	2021	2022										
Energy consumption in MWh per 1 mill packs (internal production)*	458.1	519.3	509.3										
Energy consumption in MWh / k€ Sales	0.10	0.10	0.09										
<p><b>302-4: Reduction of energy consumption</b></p> <p>a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.</p> <p>b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.</p> <p>c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.</p> <p>d. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>a./b. Data from significant energy efficiency projects are reported and consolidated globally via STADA Energy Efficiency network. By implementing several measures in 2022 an energy reduction of ~ 700,000 kWh/year energy (electricity and fossil fuel) was achieved).</p> <p>c./ d. Energy reduction potential is estimated as part of business case calculation.</p>												
<p><b>302-5: Reductions in energy requirements of products and services</b></p> <p>a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples.</p> <p>b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.</p> <p>c. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>/ Not relevant for Hemofarm's product portfolio</p>												



DISCLOSURE	REFERENCES
<b>GRI 303: Water and Effluents</b>	
<p><b>303-1: Interactions with water as a shared resource</b></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 / pages 47. and 48.</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><b>303-2: Management of water discharge-related impacts</b></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 2023/2024 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><b>303-3: Water withdrawal</b></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 (<math>\leq 1,000</math> mg/L Total Dissolved Solids);</p> <p>ii. Other water (<math>&gt; 1,000</math> 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 / pages 47. and 48.</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><b>303-4 Water discharge</b></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 (<math>\leq 1,000</math> mg/L Total Dissolved Solids);</p> <p>ii. Other water (<math>&gt; 1,000</math> 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 (<math>\leq 1,000</math> mg/L Total Dissolved Solids);</p> <p>ii. Other water (<math>&gt; 1,000</math> 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><b>303-5 Water consumption</b></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 / pages 47. and 48.</p>
<b>GRI 304: Biodiversity</b>	
<p><b>304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</b></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><b>304-2: Significant impacts of activities, products, and services on biodiversity</b></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><b>304-3 Habitats protected or restored</b></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><b>304-3: IUCN Red List species and national conservation list species with habitats in areas affected by operations</b></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: Emissions																					
<p><b>305-1 Direct (Scope 1) GHG emissions:</b></p> <p>a. Gross direct (Scope 1) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. Gases included in the calculation; whether CO<sub>2</sub> , CH<sub>4</sub> , N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> , NF<sub>3</sub> , or all.</p> <p>c. Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>d. Base year for the calculation, if applicable, including:</p> <ul style="list-style-type: none"><li>i. the rationale for choosing it;</li><li>ii. emissions in the base year;</li><li>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</li></ul> <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 2022 are as followed:</p> <table><tr><th>GHG emissions</th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td>Scope 1 [tons CO<sub>2</sub>e]</td><td>38.202</td><td>38.116</td><td>42.433</td></tr><tr><td>Scope 2 [tons CO<sub>2</sub>e]</td><td>93.417</td><td>76.665</td><td>67.521</td></tr><tr><td><b>Total GHG emissions (Scope 1 + 2)</b></td><td><b>131.619</b></td><td><b>114.781</b></td><td><b>109.954</b></td></tr></table> <div><div>Scope 1 [tons CO<sub>2</sub>e] – only Hemofarm</div><div>14.686,00</div></div> <div><div>Scope 2 [tons CO<sub>2</sub>e] – only Hemofarm</div><div>42.952,57</div></div> <div><div><b>Total GHG emissions (Scope 1 + 2) – only Hemofarm</b></div><div><b>57.638,58</b></div></div> <table><tr><td><b>Scope 1 and 2 GHG emissions cumulative change from baseline 2020 [%]</b></td><td>-</td><td>-12,8%</td><td>-16,5%</td></tr></table>	GHG emissions	2020	2021	2022	Scope 1 [tons CO <sub>2</sub> e]	38.202	38.116	42.433	Scope 2 [tons CO <sub>2</sub> e]	93.417	76.665	67.521	<b>Total GHG emissions (Scope 1 + 2)</b>	<b>131.619</b>	<b>114.781</b>	<b>109.954</b>	<b>Scope 1 and 2 GHG emissions cumulative change from baseline 2020 [%]</b>	-	-12,8%	-16,5%
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<b>Scope 1 and 2 GHG emissions cumulative change from baseline 2020 [%]</b>	-	-12,8%	-16,5%																		
<p><b>305-2 Indirect (Scope 2) GHG emissions</b></p> <p>a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>c. If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p> <p>d. Base year for the calculation, if applicable, including:</p> <ul style="list-style-type: none"><li>i. the rationale for choosing it;</li><li>ii. emissions in the base year;</li><li>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</li></ul> <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>STADA has committed in 2021 reducing its Scope 1 &amp; 2 emission based on the 1.5°C global warming target and has set the goal reducing its own absolute greenhouse gas emissions (scope 1 and 2) by -42 %. 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) CO<sub>2</sub> gases included from fossil fuel consumption</p> <p>c) Not applicable because no direct biogenic CO<sub>2</sub> 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>																				

DISCLOSURE	REFERENCES												
<p><b>305-3 Other indirect (Scope 3) GHG emissions</b></p> <p>a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. If available, the gases included in the calculation; whether CO<sub>2</sub> , CH<sub>4</sub> , N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> , NF<sub>3</sub> , or all.</p> <p>c. Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> 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><b>305-4 GHG emissions intensity</b></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 CO<sub>2</sub> , CH<sub>4</sub> , N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> , NF<sub>3</sub> , or all.</p>	<p>The STADA GHG emissions intensity (scope 1 and 2) is as follows:</p> <table><tr><th>GHG EMISSIONS (SCOPE 1&amp;2)</th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td>T CO<sub>2</sub>/mill packs</td><td>193,3</td><td>180,2</td><td>163,6</td></tr><tr><td>Tons CO<sub>2</sub> / k€ Sales</td><td>0,044</td><td>0,035</td><td>0,029</td></tr></table> <p>c. Includes scope 1 and scope 2 GHG emissions</p>	GHG EMISSIONS (SCOPE 1&2)	2020	2021	2022	T CO <sub>2</sub> /mill packs	193,3	180,2	163,6	Tons CO <sub>2</sub> / k€ Sales	0,044	0,035	0,029
GHG EMISSIONS (SCOPE 1&2)	2020	2021	2022										
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Tons CO <sub>2</sub> / k€ Sales	0,044	0,035	0,029										

DISCLOSURE	REFERENCES						
<p><b>305-5 Reduction of GHG emissions</b></p> <p>a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, 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 EMISSIONS</th><th>2020 – 2021</th><th>2020 – 2022</th></tr><tr><td>Scope 1 and 2 GHG emissions cumulative change from baseline 2020 [%]</td><td>-12.8%</td><td>-16.5%</td></tr></table> <p>STADA has committed in 2021 reducing its Scope 1 &amp; 2 emission based on the 1.5°C global warming target and has set the goal reducing 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) CO<sub>2</sub> 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 EMISSIONS	2020 – 2021	2020 – 2022	Scope 1 and 2 GHG emissions cumulative change from baseline 2020 [%]	-12.8%	-16.5%
GHG EMISSIONS	2020 – 2021	2020 – 2022					
Scope 1 and 2 GHG emissions cumulative change from baseline 2020 [%]	-12.8%	-16.5%					
<p><b>305-6 Emissions of ozone-depleting substances (ODS)</b></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><b>305-7 Nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>), and other significant air emissions</b></p> <p>a. Significant air emissions, in kilograms or multiples, for each of the following:</p> <ul style="list-style-type: none"><li>i. NO<sub>x</sub></li><li>ii. SO<sub>x</sub></li><li>iii. Persistent organic pollutants (POP)</li><li>iv. Volatile organic compounds (VOC)</li><li>v. Hazardous air pollutants (HAP)</li><li>vi. Particulate matter (PM)</li><li>vii. Other standard categories of air emissions identified in relevant regulations</li></ul> <p>b. Source of the emission factors used.</p> <p>c. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>STADA is NO<sub>x</sub>, SO<sub>x</sub> 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><b>306-1: Waste generation and significant waste-related impacts</b></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><b>306-2 Management of significant waste-related impacts</b></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><b>306-3 Waste generated</b></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><b>306-4 Waste diverted from disposal</b></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><b>306-5 Waste directed to disposal</b></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: Supplier Environmental Assessment																										
<p><b>308-1: New suppliers that were screened using environmental criteria</b></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><b>308-2: Negative environmental impacts in the supply chain and actions taken</b></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>	<p>Starting 2023, STADA has defined its critical supplier categories and is currently in the process to evaluate them using EcoVadis. By July 30th, 2023, 406 suppliers have already been assessed in EcoVadis for environmental and social criteria. Percentage of evaluated suppliers in 2022 is 0%.</p> <p>No significant negative environmental impacts in the supply chain were recorded to STADA's knowledge in 2022.</p>																									
GRI 401: Employment 2016																										
<p><b>401-1 New employee hires and employee turnover</b></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 2022:</p> <table><tr><th>03/2022</th><th>06/2022</th><th>09/2022</th><th>12/2022</th><th>Avg HC 2022</th></tr><tr><td>13,631</td><td>13,722</td><td>13,879</td><td>13,967</td><td>13,800</td></tr><tr><td colspan="4">Total Hires in 2022</td><td>2,588</td></tr><tr><td colspan="4">Total Leavers in 2022</td><td>2,026</td></tr><tr><td colspan="4">Fluctuation in 2022</td><td>14.7% (15.1% in 2021)</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>	03/2022	06/2022	09/2022	12/2022	Avg HC 2022	13,631	13,722	13,879	13,967	13,800	Total Hires in 2022				2,588	Total Leavers in 2022				2,026	Fluctuation in 2022				14.7% (15.1% in 2021)
03/2022	06/2022	09/2022	12/2022	Avg HC 2022																						
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Fluctuation in 2022				14.7% (15.1% in 2021)																						

DISCLOSURE	REFERENCES
<p><b>401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees</b></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"> <li>i. life insurance;</li> <li>ii. health care;</li> <li>iii. disability and invalidity coverage;</li> <li>iv. parental leave;</li> <li>v. retirement provision;</li> <li>vi. stock ownership;</li> <li>vii. others.</li> </ul> <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><b>401-3 Parental leave</b></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>
<b>GRI 402: Labour/Management Relations 2016</b>	
<p><b>402-1 Minimum notice periods regarding operational changes</b></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
<b>GRI 403: Occupational Health and Safety</b>	
<p><b>403-1: Occupational health and safety management system</b></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"> <li>i. the system has been implemented because of legal requirements and, if so, a list of the requirements;</li> <li>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.</li> </ul> <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 / pages 34-37.</p>
<p><b>403-2: Hazard identification, risk assessment, and incident investigation</b></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"> <li>i. how the organization ensures the quality of these processes, including the competency of persons who carry them out;</li> <li>ii. how the results of these processes are used to evaluate and continually improve the occupational health and safety management system.</li> </ul> <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&amp;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 &amp; 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&amp;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&amp;S culture and being responsible for their own and other colleagues' safety and report any H&amp;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 &amp; 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 / pages 34-37.</p>



DISCLOSURE	REFERENCES
<p><b>403-3: Occupational health services</b></p> <p>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.</p>	<p>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.</p>
<p><b>403-4: Worker participation, consultation, and communication on occupational health and safety</b></p> <p>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.</p> <p>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.</p>	<p>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&amp;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.</p> <p>b. Health &amp; safety committees are in place as legally required and managed locally. These committees typically include representatives from unions/workers council, management representatives, H&amp;S experts and company doctor.</p>
<p><b>403-5: Worker training on occupational health and safety</b></p> <p>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.</p>	<p>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.</p>
<p><b>403-6 Promotion of worker health</b></p> <p>a. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided.</p> <p>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.</p>	<p>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'.</p>
<p><b>403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</b></p> <p>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.</p>	<p>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.</p>

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

DISCLOSURE	REFERENCES
<b>403-10: Work-related ill health</b>  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.
<b>GRI 404: Training and Education 2016</b>	
<b>404-1 Average hours of training per year per employee</b>  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 2022.  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
<b>404-2 Programs for upgrading employee skills and transition assistance programs</b>  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 2022. 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%).
<b>404-3 Percentage of employees receiving regular performance and career development reviews</b>  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
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	
<b>405-1 Diversity of governance bodies and employees</b>  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 / page 31.
iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	/ 87 nations are represented in STADA's team
<b>405-2 Ratio of basic salary and remuneration of women to men</b>  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).
<b>GRI 406: Non-discrimination 2016</b>	
<b>406-1 Incidents of discrimination and corrective actions taken</b>  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 2022.



DISCLOSURE	REFERENCES
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	
<p><b>407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</b></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>
<b>GRI 408: Child Labour 2016</b>	
<p><b>408-1 Operations and suppliers at significant risk for incidents of child labour</b></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 2022.</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>
<b>GRI 409: Forced or Compulsory Labour 2016</b>	
<p><b>409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour</b></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. No Group wide global data tracking had been established for 2022.</p> <p>In 2022, the company has not received reports of significant risks for accidents of forced or compulsory labour.</p>

DISCLOSURE	REFERENCES
<b>GRI 410: Security Practices 2016</b>	
<p><b>410-1 Security personnel trained in human rights policies or procedures</b></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>
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	
<p><b>411-1 Incidents of violations involving rights of indigenous peoples</b></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>
<b>GRI 413: Local Communities 2016</b>	
<p><b>413-1 Operations with local community engagement, impact assessments, and development programs</b></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 STADA's 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:  <a href="https://www.fondacijahemofarm.org.rs/eng/ko-smo-mi/izvestaji-o-radu">https://www.fondacijahemofarm.org.rs/eng/ko-smo-mi/izvestaji-o-radu</a> </p>

DISCLOSURE	REFERENCES
iv. local community development programs based on local communities' needs;	<p>Main programs of the Foundation are mentioned 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 in which all interested parties can get an insight into particular psychological conditions and obtain advice on whom to address for getting support. The panel talks 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 the 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. During the implementation of the project, the talks were organized dealing with depression, stress at work, career vs. family, how to cope with an illness, how to accept the fact that you cannot get pregnant, divorce, addiction, how to restrain children from using electronic gadgets.</p> <p>An initiative to start this project came from medical doctors and media professionals, represented in the Managing Board of the Foundation (<a href="https://www.fondacijahemofarm.org.rs/eng/ko-smo-mi/nas-tim">https://www.fondacijahemofarm.org.rs/eng/ko-smo-mi/nas-tim</a>), based on perceived important social problems brought about by mental health problems. More examples of community development programs could be found at: <a href="https://www.fondacijahemofarm.org.rs/eng/sta-radimo">https://www.fondacijahemofarm.org.rs/eng/sta-radimo</a></p>
v. stakeholder engagement plans based on stakeholder mapping;	<p>More than 100 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: <a href="https://www.fondacijahemofarm.org.rs/eng/blog">https://www.fondacijahemofarm.org.rs/eng/blog</a></p>
vi. broad based local community consultation committees and processes that include vulnerable groups;	<p>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.</p>
vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts;	<p>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.</p>
viii. formal local community grievance processes.	<p>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: <a href="https://www.fondacijahemofarm.org.rs/eng">https://www.fondacijahemofarm.org.rs/eng</a></p>

DISCLOSURE	REFERENCES
<p><b>413-2 Operations with significant actual and potential negative impacts on local communities</b></p> <p>Operations with significant actual and potential negative impacts on local communities, including:</p> <ul style="list-style-type: none"> <li>i. the location of the operations;</li> <li>ii. the significant actual and potential negative impacts of operations.</li> </ul>	<p>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 2022.</p>
<b>GRI 414: Supplier Social Audit</b>	
<p><b>414-1: : New suppliers that were screened using social criteria</b></p> <p>Percentage of new suppliers that were screened using social 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. This program is headed by Global Procurement function, including also members from Global HSE, Legal and Supply Chain.</p> <p>Starting 2023, STADA has defined its critical supplier categories and is currently in the process to evaluate them using EcoVadis. By July 30th, 2023, 406 suppliers have already been assessed in EcoVadis for environmental and social criteria.</p>
<p><b>414-2: Negative social impacts in the supply chain and actions taken</b></p> <ul style="list-style-type: none"> <li>a. Number of suppliers assessed for social impacts.</li> <li>b. Number of suppliers identified as having significant actual and potential negative social impacts.</li> <li>c. Significant actual and potential negative social impacts identified in the supply chain.</li> <li>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.</li> <li>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.</li> </ul>	<p>No Group wide global data tracking for 2022 had been established.</p>
<b>GRI 415: Public Policy 2016</b>	
<p><b>415-1 Political contributions</b></p> <ul style="list-style-type: none"> <li>a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary.</li> <li>b. If applicable, how the monetary value of in-kind contributions was estimated.</li> </ul>	<p>In 2022, 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.</p>



DISCLOSURE	REFERENCES
<b>GRI 416: Customer Health and Safety 2016</b>	
<b>416- Assessment of the health and safety impacts of product and service categories</b>  Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	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.  Presented in Section 2 of this Report / pages 41. and 42.
<b>416-2 Incidents of non-compliance concerning the health and safety impacts of products and services</b>  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: 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.  b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	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.  Over the course of 2022, there were no instances of product non-compliance with the regulations resulting in a fine or penalty or warning.
<b>GRI 417: Marketing and Labelling 2016</b>	
<b>417-1 Requirements for product information and labelling</b>  a. Whether each of the following types of information is required by the organization's procedures for product and service information and labelling: 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).  b. Percentage of significant product or service categories covered by and assessed for compliance with such procedures.	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.

DISCLOSURE	REFERENCES
<b>417-2 Incidents of non-compliance concerning product and service information and labelling</b>  a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling, by: 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.  b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	/  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.  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 2022 concerning product and service information and labelling.
<b>417-3 Incidents of non-compliance concerning marketing communications</b>  a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by: 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.  b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	/  In 2022, there were no material incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications at Hemofarm, including advertising, promotion and sponsorship.
<b>GRI 418: Customer Privacy 2016</b>	
<b>418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data</b>  a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by: i. complaints received from outside parties and substantiated by the organization; ii. complaints from regulatory bodies.  b. Total number of identified leaks, thefts, or losses of customer data.  c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.	a. There have been no substantiated material complaints concerning breaches of customer privacy by outside parties, organizations or regulatory bodies.  b. There were no leaks, thefts, or losses of customer data in 2022.

# INDEPENDENT AUDITOR'S REPORT

**EY**  
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working world

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## IZVEŠTAJ NEZAVISNOG PRAKTIČARA RUKOVODSTVU HEMOFARM A.D. VRŠAC

### Obim angažovanja

Angažovali smo od strane rukovodstva Hemofarm a.d. Vršac da izvršimo angažovanje ograničenog uveravanja, kako je definisano u Međunarodnim standardima o angažovanjima uveravanja, u daljem tekstu angažovanje, da izvestimo o kvalitativnim i kvantitativnim obelodanjivanjima („Predmet ispitivanja“) sadržanim u Izveštaju o održivom razvoju Hemofarm a.d. Vršac za period od 1. januara 2022. do 31. decembra 2022. godine („Izveštaj“).

### Kriterijumi koje primenjuje Hemofarm a.d. Vršac

U pripremi kvalitativnih i kvantitativnih obelodanjivanja sadržanih u Izveštaju o održivom razvoju, rukovodstvo Hemofarm a.d. Vršac je primenilo zahteve koji su postavljeni u Standardima izveštavanja o održivosti Globalne inicijative za izveštavanje („GRI standardi“) („Kriterijumi“).

### Odgovornost rukovodstva Hemofarm a.d. Vršac

Rukovodstvo Društva je odgovorno za izbor Kriterijuma, kao i za prezentovanje Izveštaja o održivom razvoju u skladu sa tim Kriterijumima, u svim materijalnim aspektima. Ova odgovornost uključuje uspostavljanje i održavanje sistema internih kontrola, održavanje adekvatne evidencije i pravljenje procena koje su relevantne za pripremu predmeta ispitivanja, na način da ne sadrže materijalno značajne pogrešne iskaze, bilo zbog prevare ili greške.

### Odgovornost praktičara

Naša odgovornost je da iznesemo zaključak o prezentaciji predmeta ispitivanja na osnovu dokaza koje smo pribavili.

Sproveli smo angažovanje u skladu sa Međunarodnim standardima za angažovanja uveravanja osim revizije ili pregleda istorijskih finansijskih informacija (ISAE 3000 (izmenjen)). Ovi propisi nalažu da planiramo i izvršimo svoje angažovanje kako bismo izrazili zaključak o tome da li smo svesni bilo kakvih materijalnih modifikacija koje je potrebno izvršiti na predmetu ispitivanja kako bi ono bilo u skladu sa Kriterijumima, i da izdamo Izveštaj. Priroda, vreme i obim odabranih procedura su predmet našeg prosuđivanja, uključujući procenu rizika od materijalno značajnih pogrešnih iskaza, bilo zbog prevare ili greške.

Verujemo da su pribavljeni dokazi dovoljni i odgovarajući da obezbede osnovu za naš zaključak sa ograničenim uveravanjem.

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#### Naša nezavisnost i upravljanje kvalitetom

Zadržali smo svoju nezavisnost i potvrđujemo da smo ispunili zahteve Etičkog kodeksa za profesionalne računovode koji je izdao Odbor za međunarodne etičke standarde za računovode i da imamo potrebne kompetencije i iskustvo za obavljanje ovog angažovanja uveravanja.

EY takođe primenjuje Međunarodni standard upravljanja kvalitetom 1, *Upravljanje kvalitetom za firme koje vrše revizije ili preglede finansijskih izveštaja, ili druga angažovanja uveravanja ili srodnih usluga*, koji zahtevaju da dizajniramo, implementiramo i primenjujemo sistem upravljanja kvalitetom koji uključuje politike ili procedure u vezi sa usklađenošću sa etičkim zahtevima, profesionalnim standardima i važećim zakonskim i regulatornim zahtevima.

#### Opis sprovedenih procedura

Procedure koje se sprovode u okviru angažovanja sa ograničenim uveravanjem razlikuju se po prirodi i vremenu, i manje su po obimu, u odnosu na angažovanje sa razumnim uveravanjem. Shodno tome, nivo uveravanja dobijen u angažovanju sa ograničenim uveravanjem je znatno niži od nivoa uverenja koji bi se stekao da je izvršeno angažovanje sa razumnim uveravanjem. Naše procedure su osmišljene na način da se dobije ograničen nivo uveravanja na kojem ćemo zasnivati naš zaključak i ne pružaju sve dokaze koji bi bili potrebni za pružanje razumnog nivoa uveravanja.

Iako smo razmotrili efektivnost internih kontrola rukovodstva kada smo određivali prirodu i obim naših procedura, naše angažovanje uveravanja nije bilo osmišljeno da pruži uveravanje o internim kontrolama. Naše procedure nisu uključivale kontrolna testiranja ili sprovođenje procedura koje se odnose na proveru sabiranja ili izračunavanja podataka unutar IT sistema.

Angažovanje ograničenog uveravanja se sastoji od intervjua, pre svega lica odgovornih za pripremu kvalitativnih i kvantitativnih obelodanjivanja sadržanih u Izveštaju o održivom razvoju za period od 1. januara 2022. do 31. decembra 2022. godine, kao i primene analitičkih i drugih odgovarajućih procedura.

Naše procedure su uključivale:

- Sticanje razumevanja strukture održivosti u organizaciji i uključivanja zainteresovanih strana;
- Procena procesa sprovođenja analize materijalnosti u skladu sa GRI kriterijumima;
- Intervjui lica odgovornih za pripremu Izveštaja u vezi sa procesom pripreme, sistemom internih kontrola u ovom procesu i obelodanjivanjima u Izveštaju;
- Identifikacija rizika materijalno značajnih pogrešnih iskaza u Izveštaju koji se razmatraju u okviru GRI kriterijuma;
- Analitičke procedure na kvalitativnim i kvantitativnim obelodanjivanjima prikazanim u Izveštaju;
- Evaluacija prezentacije kvalitativnih i kvantitativnih obelodanjivanja u skladu sa GRI kriterijumima;
- Pregled GRI indeksa sadržaja i uključenih referenci, u odnosu na zahteve GRI standarda.

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#### Zaključak

Na osnovu sprovedenih procedura i prikupljenih dokaza, nismo uočili da je potrebno izvršiti bilo kakve materijalne modifikacije u kvalitativnim i kvantitativnim obelodanjivanjima sadržanim u Izveštaju o održivom razvoju za period od 1. januara 2022. do 31. decembra 2022. godine, kako bi on bio u skladu sa Kriterijumima.

U Beogradu, 4. oktobra 2023. godine



Danijela Mirković  
Ovlašćeni revizor  
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