

**UNITED NATIONS  
GLOBAL COMPACT  
COMMUNICATION ON PROGRESS  
JSC “Grindeks”  
August, 2012**

**UN Global Compact Communication on Progress – August, 2012**  
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## **Company Profile**

JSC “Grindeks” is the leading pharmaceutical company in the Baltic States focusing on the research, development, manufacturing and sales of original products, generics and active pharmaceutical ingredients. “Grindeks” specializes in the heart and cardiovascular, CNS and anti-cancer medication therapeutic groups. “Grindeks” Group consists of four subsidiary companies in Latvia, Estonia and Russia. Company enjoys a firmly established international presence, operating through the network of representative offices in 10 countries and cooperating with partners and clients in the 50 countries of the world. Export comprises 95% of the total sales of the company. Main export markets include Baltic States, Russia, and CIS countries, Germany, Netherlands and Japan. 969 employees are working for the “Grindeks” Group.

“Grindeks” products are being manufactured in Latvia, Estonia, Lithuania, Poland and Slovakia.

Since January 2, 2006 shares of “Grindeks” are listed in the Official List of NASDAQ OMX Riga.

## **“Grindeks” Mission, Vision and Values**

Business philosophy of “Grindeks” goes hand in hand with the values and vision of the company, with employees being one of the four basic values of the company. Therefore acting in a socially responsible manner company is paying special attention to the health care, occupational safety and professional growth of the employees.

### **Mission**

We care about human health as well as the interests and welfare of our employees and shareholders. We are innovation based and environmentally friendly company.

### **Vision**

We aim to become a significant European pharmaceutical company.

### **Values**

**Employees** – we are professionals using our knowledge and skills to achieve the determined goals.

**Quality** – we are responsible for the production of safe and effective medicine, ecologically clean environment and work place safety.

**Innovations** – we are steering development of science and research, as well as implementing latest technologies.

**Stability** – we are reliable partners, socially responsible and honouring traditions.

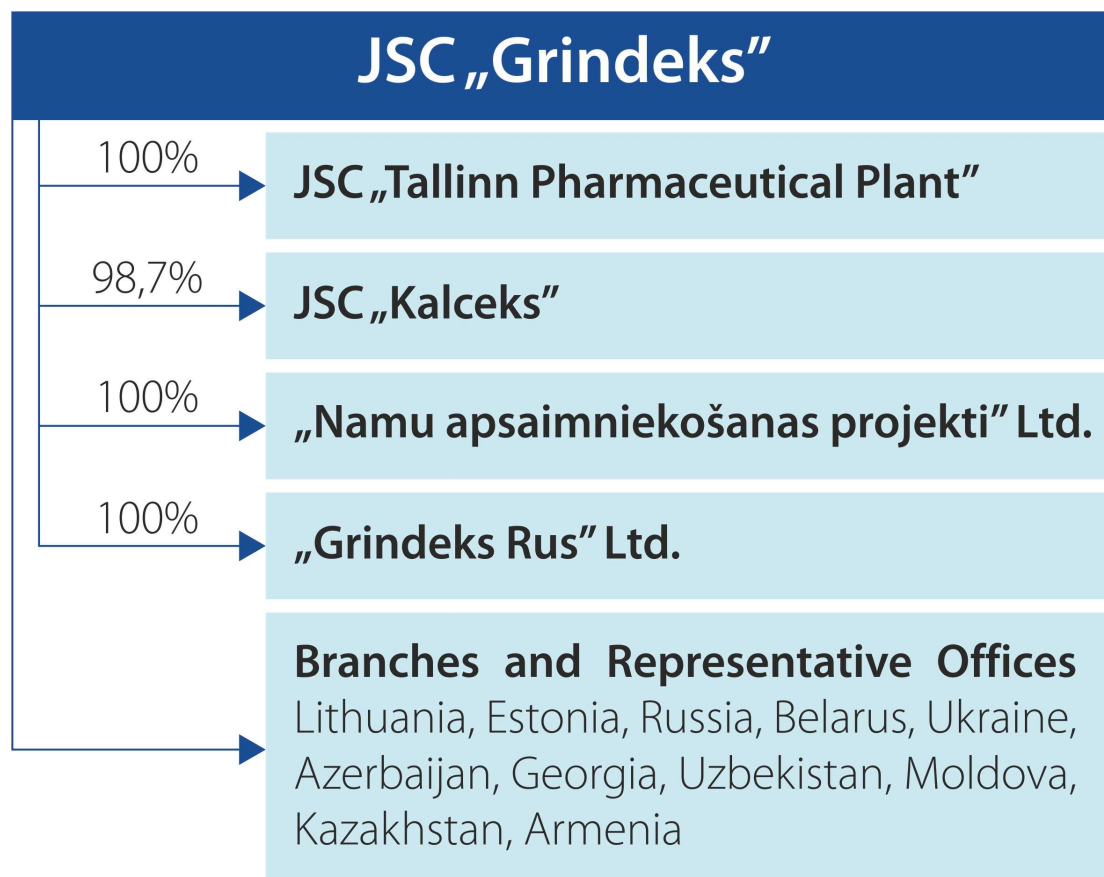
## **Governance and Management**

To secure and increase the understanding about the company of investors, cooperation partners, clients and society, the company's activities and governance – governance of JSC "Grindeks" is carried out within the framework of relevant standards for corporate management set by NASDAQ OMX Riga.

It encourages the transparency of the governance and increases the quality of the company and its appeal from the viewpoint of investors and society as whole.

## Structure of the Concern

Despite global presence and export oriented strategy of the company, “Grindeks” roots remain strongly in its country of origin, where the company is headquartered and where international corporate processes are developed.



In all countries where the company is represented, “Grindeks” adheres to the high Corporate Social Responsibility principles and this ideology is binding to all the employees of the Concern.

For more information about “Grindeks”, please visit: [grindeks.lv](http://grindeks.lv)

For “Grindeks” financial reports please visit: [grindeks.lv/en/for-investors/financial-reports](http://grindeks.lv/en/for-investors/financial-reports)

## **History**

JSC “Grindeks” was founded in 1946 when the Vitamin and Hormones Plant was transferred to the supervision of the Latvian Academy of Sciences (LAS) with the goal of gradually re-establishing it as an experimental plant. Throughout the years company experienced a considerable growth, forming into the pharmaceutical company of European significance with the potential of tremendous growth.

“Grindeks” purposefully works on the expansion of the pharmaceutical holding and the development of its operations. “Grindeks” business development is closely bound to the Corporate Social Responsibility, securing manufacturing of high quality products and performing all manufacturing processes in the environmentally friendly manner.

## **Corporate Social Responsibility**

Being member of the rapidly changing global community, “Grindeks” is aware of all the corporate responsibilities towards the society and was one of the first companies in Latvia that responded to the invitation of the United Nations General Secretary Kofi Annan and in 2002 joined the UN Global Compact that unites socially responsible business companies from all over the world.

“Grindeks” supports the Ten Principles of the United Nations Global Compact in respect to human rights, labour rights, the environment and anti-corruption.

The company strongly identifies with the principles and objectives of the UN Global Compact and cooperates with the representatives of UN, trade unions, as well as several non-governmental organisations operating in the fields of labour and human rights, solves issues related to the environmental protection.

As a socially responsible company and leader of the pharmaceutical market in Baltic’s, “Grindeks” has decided to undertake more active role in the promotion of ethical business environment, high ethics standards and strict position against the corruptive initiatives in the pharmacy and chemistry field.

By joining the UN Global Compact, “Grindeks” has undertaken to respect joint interests of its employees, clients, cooperation partners and society as whole, and facilitate development of business environment and society both locally and globally.

“Grindeks” is committed to make the Global Compact and its principles as a part of its strategy and day-to-day operations, as the management of the company strongly believes that successful, financially stable and positively oriented companies have an obligation to provide support to the society, and this concept is one of the basic assumptions of the development of “Grindeks”.

By adhering to the principles of the Global Compact, “Grindeks” performs its Corporate Social Responsibility activities within the five main directions:

- PATIENT
- SOCIETY
- EMPLOYEE
- BUSINESS ENVIRONMENT
- QUALITY and PROTECTION OF THE ENVIRONMENT

Activities of the company cover all ten main principles of the Global Compact within these five directions and will be explained in details in the following chapters.



## **PATIENT**

“Grindeks” sees investment and involvement in general well-being of a patient, as an essential part of its social responsibility and advancement of human rights of those, who are impacted by the company’s products and activities.

“Grindeks” core activities in this respect is advancing health and generating health-promoting activities and other activities related to educating patients, caring for their health and health of their families.

“Grindeks” is aware of its important and special role in the health of a patient, thus the company is planning to expand its activities for informing patients about their joint responsibility of their health and enhancing their awareness of health care issues even further.

Every human being has an inborn right for health, therefore health of patients is an essential priority for “Grindeks” and the aim of raising the awareness of health care issues is to extend the understanding of people on using safe medication of high quality, on shared responsibility of patients on the result of health care, as well as promotion of healthy lifestyle and sharing of information and knowledge about health.

Taking into account that all groups of society face health problems, “Grindeks” works closely with local and international collaboration partners. Dialogue with patient organisations and health care professionals – doctors – has an important role in the public health promotion. The company engages in various projects, participates in exhibitions and conferences related to the health care, as well as it has created “The Small Academy of Cardiology” and a special “Health School” in the corporate website of “Grindeks” grindeks.lv. To promote healthy nutrition ideas, “Grindeks” has also become a supporter of the “Stomach Friends Club”.

### **“The Small Academy of Cardiology”**

“The Small Academy of Cardiology” was established in 2005. Since then “Grindeks” is assembling the industry representatives and experts regularly in order to inform and discuss the modern and effective treatment methods in the field of cardiology.

In the Academy, the doctors have the opportunity of both listening to the lectures of professionals, as well as visiting the manufacturing units of “Grindeks”. The physicians evaluate the arranged manufacturing units of “Grindeks” very highly and their compliance with the European requirements and “Good Manufacturing Practice”, as well as the modern equipment and further development plans.

### **“Stomach Friends Club”**

“Grindeks” has become a supporter of the “Stomach Friends Club” created in the beginning of 2011, which assembles nutritionists, gastroenterologists, dieticians, infectologists and other professionals of Latvia who care for the healthy digestion

issues, diagnostics and treatment of the gastroenterological problems, as well as promotion of healthy eating.

### **“Health School”**

“Grindeks” is aware of the increasing role of internet in the lives of patients, therefore the company facilitated dialogue with visitors of website [grindeks.lv](http://grindeks.lv), and created the “Health School” that provides information on various health issues, diagnosis, symptoms and possible solutions, as well as useful advices and expert opinions.

### **Pharmacovigilance System**

With a high responsibility for its products and consumers` health, “Grindeks” has created and continues to develop its Pharmacovigilance System in all countries where medications of “Grindeks” are offered.

For the purpose of elimination of potential risks and health hazards, data on the effects of the medicinal products is being summarised, investigated and evaluated and information about the side-effects and interactions of medicinal products is being gathered.

The analysis of the reports and their further submission to the competent authorities is carried out in accordance with the relevant guidelines and pharmaceutical company practices. “Grindeks” is involved in the electronic reporting system *EudraVigilance* which is also the main European Risk Management Strategy support between the EMEA (European Medicines Agency) and the competent national authorities.

There is a permanent section “Monitoring of Side Effects” on the web site of “Grindeks” – [grindeks.lv](http://grindeks.lv), where there is an Adverse Event Report Form that allows informing the company about the possible side or adverse effects while using “Grindeks” medications.

## **SOCIETY**

Corporate Social Responsibility activities of “Grindeks” reach far beyond sponsorship and charity projects as the company provides broad financial support to various publicly important projects, as well as participates in the educational and awareness rising campaigns about health care, safety of medications and others.

Corporate Social Responsibility activities of “Grindeks” go beyond sponsorship and charity projects – the company provides a wide range of financial support and sponsors different projects that are important to the society, as well as engages in public education and information campaigns on health care, medication safety, etc.

Today, the knowledge and information has become one of the most important business resources, innovation – one of the most significant competitive advantages, “Grindeks” is making significant investments in education and science, and is one of those companies that provide practical support for science and education.

“Grindeks” as a socially responsible company, engages in activities that promote healthy and cultural society, therefore, the support directions of the company also include culture and sport.

### **“Grindeks” “Fund for the Support of Science and Education”**

With the aim of unifying education support projects implemented by the company and to promote the professional growth of young, emerging professionals, as well as educational quality in the fields of engineering sciences, natural sciences and pharmacy, „Grindeks” created a “Fund for the Support of Science and Education” in 2006.

This is one of the largest private funds in Latvia supporting emerging specialists in the fields of natural sciences, allocating scholarships and grants not only to students and scientists, but also to the educational establishments and tuition forces. Within five years time the company has allocated scholarships and support premiums, as well as supported various projects in the amount of more than 755 thousand US dollars.

Thinking of the long-term development perspective of the Latvian education and science, „Grindeks” and the established Fund supports schools, universities, professional education establishments, as well as scientific institutions.

Due to the situation that remuneration of the college, secondary education and secondary professional education teaching staff in Latvia is too low and this situation is not changing for a long period of time, „Grindeks” provides support premiums to the excelling teachers of natural sciences annually. The company provided support premiums to three teachers, six members of the teaching staff of the higher education establishments and two educational establishments in 2011.

### **Support to the participation of pupils in the World Olympics of Chemistry**

Understanding the importance of supporting and encouraging young talents, for many years in a row „Grindeks” “Fund for the Support of Science and Education” has supported participation of Latvian pupils in the Olympics of chemistry of the international scale.

Also the company financially supported participation of four young people in the 43<sup>rd</sup> International Olympics of Chemistry that took place in the Capital of Turkey, Ankara in 2011.

### **Internships and Excursions**

By helping talented, young professionals to commence their carrier path, “Grindeks” provides internship possibilities in the Company every year. 140 interns worked in “Grindeks” in 2011. This number is increasing every year.

Also in cooperation with the educational establishments in Latvia, the company organizes excursions in “Grindeks” for the pupils. In 2011, 806 pupils visited “Grindeks”. During the excursions, visitors get the chance to learn more about the history of pharmacy in Latvia and role of “Grindeks” in it, to find out how medications are prepared and visit laboratories and manufacturing plants in presence. Some of them might become the future geniuses of pharmacy and chemistry and this excursion might trigger their interest in pharmaceutical field!

Company has many success stories that several employees after getting to know “Grindeks” during excursions or internship; later joined it as a full-pledged employees and developed successful carrier here.

### **Support in the Education and Professional Orientation of the Young Specialists**

For many years in a row chemistry, biotechnology and environment industry in Latvia, there is a lack of qualified specialists; therefore employers, including “Grindeks”, more actively engage in the improvement of the contents and quality of the professional education. In cooperation with the State Employment Agency, “Grindeks” has developed several re-training programs in the fields of chemistry technologies, biotechnologies and sales of pharmaceutical products. Re-training programs for the unemployed are directed towards promotion of employment and provision of the field with qualified workforce. In total, 72 unemployed persons were trained, 35 of them commenced work in “Grindeks” in 2010 and 2011.

“Grindeks” begun new project “Professional Days for the Pupils” in 2010. This project is aimed towards stimulating youth to be interested in chemistry and future carrier possibilities in pharmacy. In 2011, 27 pupils from 13 towns and municipalities of Latvia participated in the project and learned more about the professions of the company, while spending one day with the specialist of the selected profession.

### **Supporting Sports and Active Lifestyle**

„Grindeks” promotes active and healthy lifestyle and participates in the sports events of local and national importance. “Grindeks” has also become the supporter of one of

the most popular sports in Latvia – ice-hockey. “Grindeks” is proud to support professional players and teams.

Caring for the public health, Company supported XIII Sports Games of the Latvian Health Care Workers in 2011, organised by the Latvian Red Cross.

### **Supporting Culture**

“Grindeks” is a patron of the pride of Latvian culture – the Latvian National Opera, thus helping to enhance the prestige of the Latvian culture both locally and globally.

## **EMPLOYEE**

“Grindeks” strictly opposes all form of discrimination and actively recruits all individuals without regards to differences of colour, race, gender, nationality, religion, sexual orientation or other personal indicators of diversity. “Grindeks” is strictly committed to practice that prevents all forms of sexual discrimination, sexual harassment, child labour and forced labour.

Employees of “Grindeks” are the powerhouse of the company, bringing a unique mix of knowledge, talent, skills and value to the organization. Their professional skills, devotion and creative approach is the one making “Grindeks” the industry leader. Company cares for the social welfare, health care, workplace safety, professional growth and carrier advancement of its greatest asset – employees.

“Grindeks” strongly supports the elimination of all forms of forced labour and declares that all “Grindeks” employees around the world are employed by “Grindeks” of their own free will and are not forced into any form of employment in any time. All employees are free to leave the company at any time.

“Grindeks” strongly supports the elimination of child labour in any form and declares that no children below the age of 18 are employed in any of “Grindeks” business operations anywhere in the world.

Company is also conscious of the importance of the contribution of women in the business and strives to make “Grindeks” a gender-equality workplace. Many women are managers or take up other leading positions in the company.

### **Workplace Safety and Health Care of the Employees**

“Grindeks” aims to create a safe and healthy working environment for all its employees throughout its sites and facilities worldwide and improve this environment constantly. Caring of the health and safety of its employees, “Grindeks” has developed and strictly complies with all legislative instructions concerning workplace safety, by observing the highest standards in maintaining workplace and occupational safety.

Occupational safety and health issues at “Grindeks” are solved methodically and integrated in the work process. The company has a comprehensive Occupational Safety and Health System (OSH) leading to continuous improvements to promote safe and health-friendly working environment in the company. For it to be effective and clear to all employees, OSH system has to be an integral part of the general management system. “Grindeks” trains and qualifies its employees and managers and provides them skills in safety and methods of preventing hazardous situations and accidents.

More than five academic written-works about OSH and environment protection are elaborated at the company annually. Also the risk assessment in workplaces is carried

out at the company regularly with positive results – significant reduction of dangerous working places of all levels and positions.

Every employee of “Grindeks” is involved in the occupational safety and health system and has the possibility on giving information on how working conditions could be improved. Every year the company organizes a Day of the Healthy Working Environment. Within the framework of this day, employees meet with their managers of their structural units to discuss working conditions, risk reduction plans of the working environment and future work priorities.

In the OSH management, special attention to occupational risk assessment is paid. To exclude the impact of hazardous chemicals on employees, there is a documented procedure of working environment risk evaluation, which includes all phases of risk appraisal and recording results, as well as planning occupational safety and health measures, and the control of their implementation.

Occupational risk assessment is carried out regularly twice per year and after significant changes in working places, where chemicals are used. Interviews with specialists and employees and measurements are the basis for risk evaluation. A wide range of tests and sensors are available at the company to perform measurements in the working areas. Risk evaluation includes all workplaces – both offices and mechanical workshops, but the greatest risks are related to the manufacturing of chemical ingredients and drugs.

Environmental Control Laboratory determines emissions and the actual environmental situation. Based on the measurements, amount of emissions are reduced in the premises, ventilation systems and airflow are optimized, special means of protection selected – thus reducing occupational risks. Environmental Control Laboratory also participates in the creation of safe technological processes, as well as has commenced development and accreditation of the laboratory quality management system according to the standard of LVS EN ISO/IEC 17025 “Necessary requirements for the competency of testing and calibrating laboratories”.

Understanding attitude and support of JSC “Grindeks” management, combined with the involvement of each employee is a warrant of OSH system success leading to continuous improvements in promotion of safe and health-friendly working environment in company. This is one of the most important preconditions for the long-term development of the company.

Also caring for the health of employees, the company provides health insurance to its employees.

Various problematic issues are resolved within the company by social dialogue, and “Grindeks” management is always available for discussions with the trade union of employees, that has existed ever since the company was established.

## **Professional Growth and Carrier Advancement**

“Grindeks” encourages each and every of its employees to develop and professionally grow within the working environment, which offers many opportunities of development. All this contributes to increased loyalty of employees towards the company, high motivation, efficiency and individual development. Therefore “Grindeks” highly focuses on the professional training and growth of its employees.

There are regular professional trainings for the employees. The average number of the hours of trainings per one employee was 17 hours in 2011.

For the training of employees and improvement of their professional skills, the company used both its own funds and the EU structural funds co-financing in 2011. Overall, the projects are implemented in partnership with the Latvian Information and Communications Technology Association (*LIKTA*), the Latvian Chemical and Pharmaceutical Industry Association (*LAĶĪFA*) and the Latvian Chamber of Commerce and Industry (*LTRK*) projects on staff training and improvement of professional skills, administered by the Latvian Investment and Development Agency (*LIIA*). The aim of these projects was to increase business competitiveness by improving professional skills of the employees and providing new knowledge acquisition.

The priority training topics were regarding learning new technologies, medication registration, Good Manufacturing Practice and the integrated quality management issues, computer science, as well as the environmental protection and work safety requirements alongside the other professional growth courses.

“Grindeks” successfully fulfilled the Leonardo da Vinci program projects, administered by the State Education Development Agency (*VIAA*) in 2011. Whithin the framework of the project, employees of the company had an opportunity to practice in the manufacturing of medication and drug safety research in the companies and educational institutions in Austria, Germany and the Czech Republic. To make it easier for new employees to adapt in the company, “Grindeks” organised the New Employee Day, during which the newcomers were introduced to the company’s activities, work units, environmental, quality, labour safety and fire protection etc. issues.



## **BUSINESS ENVIRONMENT**

“Grindeks” cares about the relationships with patients, clients, cooperation partners, investors and business environment in the chemistry and pharmaceutical industry, as well as the Latvian business environment in general. As the leading pharmaceutical company in the Baltic States, “Grindeks” is standing up for high business ethical principles and encourages other pharmaceutical market players to engage in the promotion of ethical business environment. “Grindeks” believes that there are many opportunities that have not been used so far, in order to enhance patient and public confidence and loyalty towards pharmaceutical industry.

### **Honest, Respectful and Responsible Communication**

“Grindeks” is committed to upholding all laws, regulations and practices designed to protect human rights in all activities in Latvia and all over the globe. Also the company highly values the principles of openness and transparency and directs ones communication activities, both internal and external, to meet those principles. “Grindeks” communicates with audiences with the help of integrated communication methods, including, advertising, public relations, event marketing, interactive communication and others. Meanwhile the company complies with the limitations forbidding advertising of prescription drugs to broader audience.

“Grindeks” regularly involves in public activities and actively informs society about the latest news of the company, achievements, financial results etc. That helps to strengthen brand of the company, as well as raise public awareness about the health care issues. Product promotion activities are accompanied by educational and informative articles in the specialized media, workshops for the doctors and pharmacists are organized to introduce them to the latest topicalities in the industry. Cooperation partners receive informative publications of the company on regularly basis. “Grindeks” encourages and receives feedback from the target audiences, including, doctors, end-users and others. Being a socially active company “Grindeks” is a frequent speaker in different conferences, receives guests from foreign embassies, existing and potential cooperation partners, as well as organizes excursions for pupils, students, pharmacists and other interested parties.

All the communication efforts with all target audiences are honest, responsible and respectful towards their needs.

### **Ethics**

“Grindeks” is committed to the highest ethical standards that are outlined in the different instructions and provisions regulating operations of the company. To embody principles of ethical behaviour more deeply in the everyday life of the company, “Grindeks” is planning on developing and implement comprehensive Code of Ethics in 2012. Basic principles of this Code will cover areas like Ethics of the Scientific Research and Clinical Studies, Patient Safety and Pharmacovigilance issues, cooperation with health care specialists and health organizations, as well as preventing conflicts of interest, cooperation with the patient organizations and others.

## **Cooperation and Partnership**

“Grindeks” widely and fruitfully cooperates with different cooperation partners and state institutions, including, Ministry of Health of the Republic of Latvia, Ministry of Welfare of the Republic of Latvia, the State Agency of Medicines of Latvia, the State Social Insurance Agency, Health Inspection, hospitals and health centres, Investment and Development Agency of Latvia and others.

To promote international cooperation, “Grindeks” maintains close cooperation with several embassies of Latvia abroad, especially; very prosperous and lasting is the cooperation with the embassy of Latvia in China, Japan, Russia, Belarus and Ukraine. The company is also in a close cooperation with the embassies of foreign countries in Latvia, particularly, embassies of Russia, Ukraine, China, Japan, Lithuania and Belarus.

The company has a long standing, close cooperation with scientific organisations, research centres and educational establishments in Latvia and abroad. Amongst them – Latvian Academy of Science, Latvian Institute of Organic Synthesis, University of Latvia, Riga Technical University and others.

“Grindeks” participates in two competence centres funded by the European Union – Pharmacy and Chemistry Competence Centre and Environment, Bioenergetics and Biotechnology Competence Centre. In the Pharmacy and Chemistry Competence Centre “Grindeks” participated as one of the founders and sponsors of the research programmes of this centre. The centre has commenced significant pharmacy and chemistry studies of international scale.

“Grindeks” also strictly evaluates its cooperation partners and suppliers, giving preference to the socially responsible companies and partners.

## **QUALITY and PROTECTION OF THE ENVIRONMENT**

“Grindeks” recognizes the importance of protecting the environment as one of the key foundations of doing business and maintains a comprehensive infrastructure for planning, managing, improving, monitoring and measuring “Grindeks” environmental impacts.

The company is constantly working on the improvement of its operations in order to reduce negative impact on the environment (by reducing waste-water levels, air emissions, solid waste and increasing recycling of the used materials). “Grindeks” performs significant investments into the improvement of the manufacturing technologies and infrastructure annually, as well as adopting of the most advanced technologies for the waste-water treatment and protection of all natural resources impacted by the company.

“Grindeks” strictly adheres to all laws and regulations related to the environmental matters at all its operations. The company respects international and Latvian manufacturing standards and maintains full responsibility for the high quality of its products.

Operations of “Grindeks” are certified accordingly to the Good Manufacturing Practice (GMP) that serves as a guarantee that the company operations are in compliance with the European Union and global requirements.

Manufacturing plants of “Grindeks” are repeatedly tested in audits annually, performed by the pharmaceutical inspections from all around the world, as well as the cooperation partners providing their acknowledgment on compliance with the international quality standards.

### **Quality and Environmental Management**

According to the international and Latvian standards LVS EN ISO 9001:2008 and LVS EN ISO 14001:2004, an integrated quality management and environmental management system has been implemented in “Grindeks”, covering all operational areas of the company. This allows improving the processes of the company constantly, providing clients and customers with the high quality and safe medications, as well as regularly renewing and improving product portfolio. Governance anticipates systematic market research and R&D of new products; meanwhile customer satisfaction studies and servicing is important for the increase of sales amounts, as well as receiving feedback from clients.

Quality, safety and environmental policies of the company guarantee safety and quality of “Grindeks” products and services. Research, development, manufacturing and sales of active pharmaceutical ingredients are organized to secure quality and safety of the products in the company, as well as to promote greater environmental responsibility. “Grindeks” quality, safety and environmental policy principles are coordinated with the requirements of its shareholders and employees, as well as needs of the customers and all applying laws and regulations. “Grindeks” carefully follows all its operations and undertakes initiatives to improve responsibility for the environment.

Quality, safety and environmental policy issues are regularly reviewed in the Board and Council meetings. “Grindeks” quality and IT specialists have been introduced to the Laboratory integrated management systems (LIMS) integrated in the operations of the laboratories of several European companies. “Grindeks” is planning to define all the necessary requirements in order to implement similar system in the company within 2012.

All employees are introduced to the quality, safety and environmental policy issues. The company regularly performs training of the personnel to increase their awareness of the issues concerning protection of the environment.

### **Environment Protection System**

Issues related to the reduction of the impact on the environment are becoming increasingly topical all around the world, including, Latvia. “Grindeks” aims to be a “green thinking” company that constantly looks for new and innovative solutions to save environmental resources and gradually convert all manufacturing sites of “Grindeks” into “green” sites. “Grindeks” always evaluates its potential impact on the environment and includes this notion into all strategic decisions of the company.

The company invests increasingly more resources in the development and improvement of its manufacturing infrastructure. All development projects are directed towards maximum preservation of nature and reduction of pollution.

“Grindeks” implements long-term responsible environmental policy and systematic work in the area of environmental protection. “Grindeks” improves its direct environmental impact in the following ways:

- Reduction of energy consumption and greater energy efficiency, including lighting, air conditioning and cooling systems;
- Reduction of waste and waste handling by type;
- Efficient water usage and water savings, water recycling;
- Reduction of emissions in the air and atmosphere;
- Reduction of materials usage and resources – amount of raw materials per one manufacturing unit;
- Reduction of the impact of products onto the environment by improving manufacturing and innovation processes of products.

### **Environmentally Friendly Technologies**

Company tests and evaluates environmentally friendly technologies and raw materials and if they provide possibility of obtaining high quality drugs, environmentally more friendly solvents – water, alcohol etc., water-soluble and natural colorants are used in the technologies.

Development of the environmentally friendly technologies in “Grindeks” are based on the recommendations provided by the European Commission in 2006 that sum up the best currently available technical solutions of implementing processes of the organic synthesis and recycling emissions and waste acquired during the manufacturing

processes, as well as guidelines of the European Commission on the best available technologies in the auxiliary areas of pharmaceutical and analogical manufacturing.

### **Reduction of Energy Consumption**

“Grindeks” is proud of its achievements in the reduction of energy consumption. The following activities concerning reduction of energy consumption were performed in 2011:

- Regulation of the supply of thermal energy;
- Changing of the old boilers and ventilation devices for the new, more contemporary equipment;
- Heat insulation of buildings;
- Different organizational works allowing using equipment in a more effective way.

### **Reduction of Waste and Waste Handling By Type**

“Grindeks” performs waste reduction activities by using the best available technical solutions recommended by the European Union.

One of the solutions involves regeneration of the solvents and extracting valuable components from the liquid waste. Waste generated in the manufacturing process is gathered by type, hazardous waste is handed over to the licensed organizations for eradication, less hazardous – recycled in the biological waste water treatment plants or regenerated if possible. “Grindeks” is a partner of the Latvian Green Point and several other waste recycling organisations.

### **Recycling of the Industrial Waste Waters**

“Grindeks” opened modern closed type biological waste water treatment plants for the recycling of waste waters in 2009. All of the waste waters generated during the manufacturing processes in the company are recycled in an environmentally friendly way. Conception of the industrial waste water treatment plants currently is one of the most contemporary and provides evidence that pharmaceutical manufacturing and growth of the company can go hand in hand with the care for the environment.

Waste water plants are also constructed as a laboratory, allowing the company to perform analysis of the waste waters and monitor results, as well as study the waste waters. By performing management of the waste water processes and constant optimising of the systems, efficiency of the recycling of industrial waste waters is increasing annually, and it reached 92.13% in 2011. In consideration of high amount of pollution in the waste waters, generated by the chemical industries, as well as their complex character, attained results can be considered as very high and close to the indicators of the best available technologies.

“Grindeks” in 2011 has joined as a partner the Competence Centre of Environment, Bioenergetics and Biotechnology together with other scientific organizations in Latvia, and commenced a study on increasing recycling efficacy of industrial waste waters in the pharmaceutical industry. This study is using specific groups of micro organisms; it

is planned that the acquired knowledge and experience will provide scientifically based recommendations also to other companies in Latvia and abroad.

### **Reduction of Emissions in the Air and Atmosphere**

“Grindeks” makes an effort to reduce the company’s impact on the environment and tracks the effect of all activities in relation to emissions.

### **Reduction of Consumption of Raw Materials per One Production Unit**

To reduce consumption of the raw materials per one production unit in the manufacturing process, “Grindeks” performs significant waste reduction activities.

### **Future Commitments Targets for 2012**

- **Code of Ethics:** To embody principles of ethical behaviour profoundly in the everyday life of the company, in 2012 “Grindeks” is planning to develop and implement comprehensive Code of Ethics.
- **Quality, safety and environmental policy:** “Grindeks” quality and IT specialists have been introduced to the Laboratory integrated management systems (LIMS) integrated in the operations of the laboratories of several European companies. “Grindeks” is planning to define all necessary requirements in order of implementing similar system in the company in 2012.

### **About this Communication on Progress**

“Grindeks” joined the United Nations Global Compact in 2002 and this Communication on Progress covers the activities of the leader of the pharmaceutical industry in the Baltic’s – JSC “Grindeks” in year 2011. All operations of the company around the world are committed to the Global Compact principles and the company is continuously making further progress as to these commitments.



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