



sopharma[®]
PHARMACEUTICALS

Communication on
progress

April 2013



Dear friends,



This year we celebrate 80 years since the establishment of Sopharma. We celebrate a Bulgarian success story strong enough to have lived through a war, over 40 years of state ownership and management and a tough transition to market economy. We celebrate that we are part of this success story and we state our will to take it further. This year we set the stage for our 100 years anniversary. We will plant a 100-tree forest and in 20 years we will celebrate in their shade. This year we want to remember that

everything is possible if we work together for a sustainable future. With the completion of our latest 35 million EUR investment in a state-of-the-art solid forms factory we make a statement - "green" is not just a color anymore, "green" is a state of mind and we have that state of mind. We truly support the ten principles of the Global Compact for a better future.

*Ognian Donev, PhD
Executive director
and Chairman of
the Board of
Directors
Sopharma AD*





Human rights

Sopharma is engaged on a day-to-day basis in creating conditions for the exercise of each and every article of the Universal Declaration of Human Rights.

Articles 1-5: Sopharma has created a clear organizational structure based on competences and responsibilities, but not on other discriminating differences. The company provides equal access to all benefits protecting and ensuring human rights described in articles 1-5. The company provides security and protection on its territory and creates a safe working environment. All employees have access to additional benefits as free healthcare, kindergarden, fresh and healthy food during working hours, transportation, vacation and recreational facilities on the sea side and in the mountains etc.

Articles 6-12: Although these rights are guaranteed mostly by the State, the Company ensures its compliance by supporting a legal department engaged with rights of the employees and responsibilities of the employer, but also in broad term the compliance of the Company with all laws and regulations thus making sure that it is an equal participant in the society and it does not violate the rights of any other member of society.

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and



Principle 2: make sure that they are not complicit in human rights abuses.

Article 13: The Company does not discriminate when hiring employees between people born and living in any town or village in Bulgaria or abroad.

Article 16: The Company in its internal rules and regulations does not deprive any human being of his/her right under this Article.

Articles 18-20: The Company ensures and provides medium including, but not limited to access to press, news, internet in order to facilitate the exchange of opinions and the freedom to discussion.

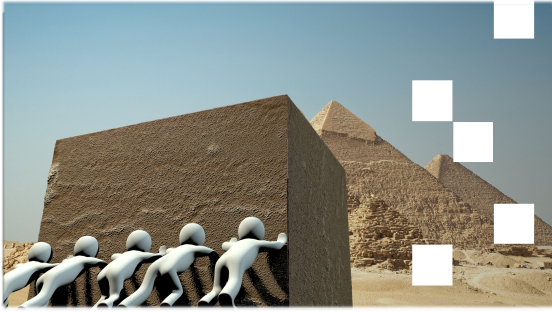
Article 22: The Company complies in full with the compulsory social insurance laws and in addition provides free health insurance and social benefits to its employees.

Article 23-25: The Company has internal rules and policies ensuring that employees receive fair remuneration in accordance with their qualification, quantity and quality of work. In 2012 the Company continued the development of its Human resource activities and invited in its team a new Head of HR. As a result a number of policies were improved and modernized.

The Company follows strictly the rules concerning the rights of employees to rest and leisure and has created special spaces for rest during working hours. In addition the Company maintains vacation and recreational bases on the sea side and in the mountains which are accessible for employees on a lower cost base.

Sopharma is engaged in a number of CSR activities which aim to provide better conditions for those who are in an unfavorable circumstances. The Company provides benefits for motherhood and has invested in a kindergarden on its territory.

Labour practices



[Principle 3:](#)

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

[Principle 4:](#) the

elimination of all forms of forced and compulsory labour;

[Principle 5:](#) the

effective abolition of child labour; and

[Principle 6:](#) the

elimination of discrimination in respect of employment and occupation.

Principle 3: Our employees are members of two national and one independent labour organization. Sopharma is in excellent relationship with all of them since it is an employer providing more than the average social benefits for its employees. The average salary in the Company is on the level of the highest national average salary in Sofia, even though more than 1/3 of our employees are working outside of Sofia.

Principle 4: All employees are provided with thorough information of their respective duties before they sign their employment contract. They are fully aware of their rights, terms and conditions for termination of their employment agreements which are the binding document between the Company and them.

Principle 5: Sopharma does not hire under no circumstances underaged citizens. The Company strictly follows all national labor practices and laws in that respect.

Principle 6: See the application of Article 13 above. Sopharma has employees from a number of towns/villages in Bulgaria and also employees that are citizens of other countries.



[Principle 7:](#)

Businesses should support a precautionary approach to environmental challenges;

[Principle 8:](#) undertake initiatives to promote greater environmental responsibility; and

[Principle 9:](#) encourage the development and diffusion of environmentally friendly technologies.

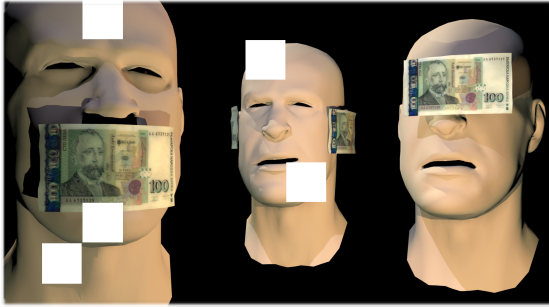
Environment

Principle 7: The Company undertakes a number of initiatives that have a long-term positive effect on the environment. We are involved in organic agriculture and we grow increasingly larger amounts of the necessary plants for our production ourselves. In this way we avoid long distance international transportation, we ensure organic growth, develop local land and provide working places and create long-term raw materials security.

Principle 8: Our CSR activities are prioritized towards the health of the population and this includes improvement of the immediate environment. We work according to the latest environmental regulations and we maintain healthy city spaces as small parks, garden areas on the territory of the company etc.

Principle 9: Our new state-of-the-art solid forms factory includes solar panels, replacement of harmful solutions with water and the latest technology for the production of tablets manufactured according to EU environmental regulations.

Anti-corruption



Principle 10: Sopharma has continued the following initiatives and actions to ensure that none of its employees will engage in corruption while conducting the business of the company:

1. Improved Code of Ethics, Remuneration policies, Statement of Compliance with the National Corporate Governance Code.
2. Participation of top management in national and international anti-corruption events.
3. Instruction of marketing team members on anti-corruption measures.
4. Centralized compliance management system.

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.