





"Grindeks" is vertically integrated pharmaceutical company in the Baltic States. Its main fields of action are: research, development, manufacturing and sale of original products, generics and active pharmaceutical ingredients. The Group of "Grindeks" consists of five subsidiary companies in Latvia, Estonia, Russia and Slovakia, as well as representative offices in 13 countries.

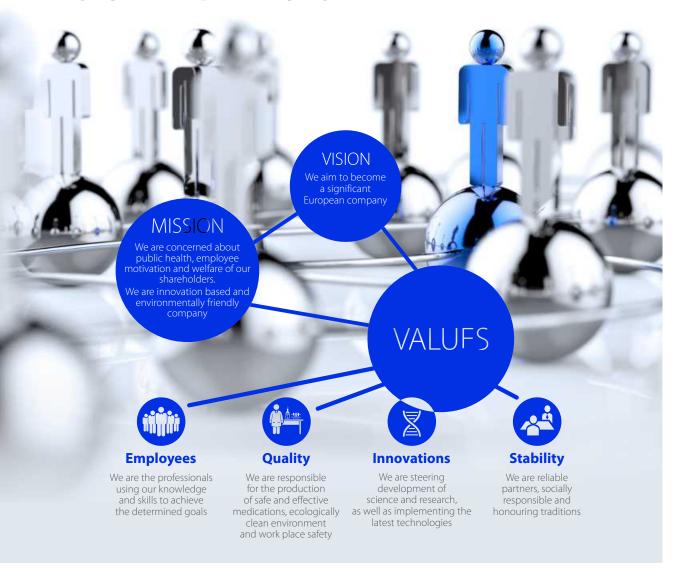
"Grindeks" specializes in the heart and cardiovascular, CNS and anti-cancer medication therapeutic groups. A range of products covers a successful combination of original products and generics, with the original products Mildronate® and Ftorafur® and more than 100 forms of effective and safe generics included therein. Currently "Grindeks" produces 25 active pharmaceutical ingredients. "Grindeks" products are being manufactured in Latvia, Estonia, Lithuania, Slovakia and Russia.

Products of the company are exported to 60 countries and its export comprises 94% of the total turnover. The main markets are: Russia and other CIS countries, the Baltic States, Germany, the Netherlands, Japan and the U.S.

To increase production capacity and develop infrastructure, since 2002 the company has accomplished many significant investment projects, investing up to 70 million euros over the years.

JSC "Grindeks" shares are listed on the Official List of "NASDAQ Riga". Major shareholders of JSC "Grindeks" are Kirovs Lipmans – 33.29%, "AB.LV Private Equity fund 2010" – 22.66%, Anna Lipmane – 16.69%, "Swedbank" AS Clients Account (nominee account) – 9.92%.

"GRINDEKS" MISSION, VISION AND VALUES

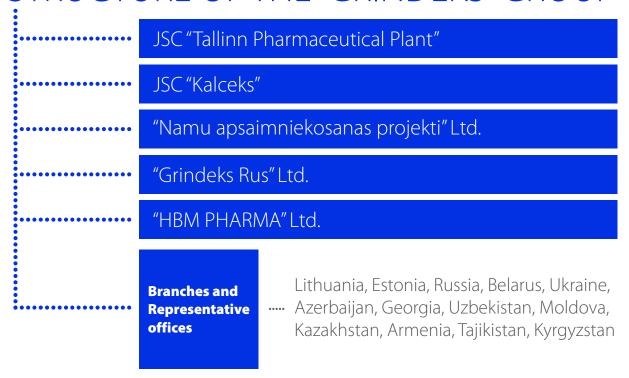


GOVERNANCE AND MANAGEMENT

In its operation "Grindeks" adheres to high standards of corporate governance and ensures that the company is managed in accordance with the "Principles of corporate governance and recommendations on their implementation" adopted by "NASDAQ Riga"

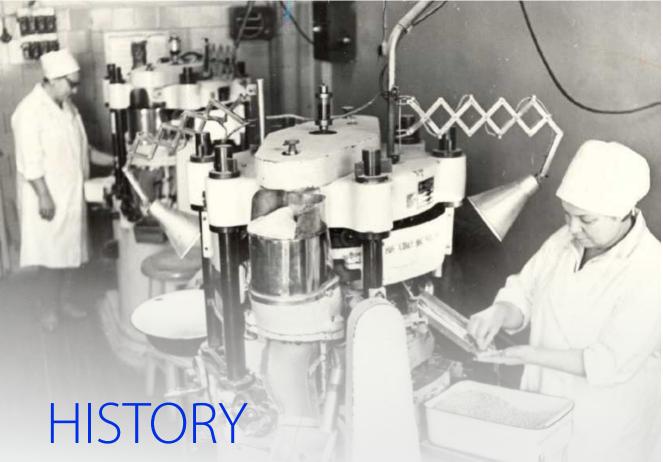
It encourages the transparency of the governance and increases the quality of the company and its appeal from the viewpoint of investors and society as whole.

STRUCTURE OF THE "GRINDEKS" GROUP



More information about the company: Grindeks.lv/en For the company's financial reports please visit: Grindeks.lv/en/for-investors/financial-reports





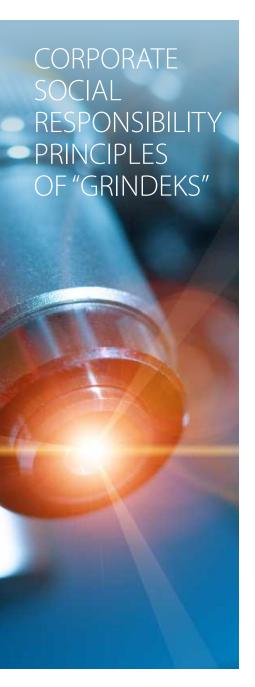
The origins of "Grindeks" go back to Year 1946 when the Vitamin and Hormones Plant was transferred to the supervision of the Latvian Academy of Sciences with the goal of gradually re-establishing it as an experimental plant. Throughout the years company experienced a considerable growth, forming into 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.





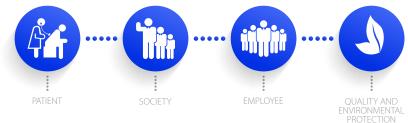
CORPORATE SOCIAL
RESPONSIBILITY **PRINCIPLES**



Business philosophy of "Grindeks" goes hand in hand with the vision, mission and values of the company, while the corporate social responsibility is a foundation for a sustainability of "Grindeks". In 2001, when Latvia joined the United Nations (UN) Global Compact movement, "Grindeks" was one of the first companies that responded to an invitation and joined the movement.

The Group of "Grindeks" consists of five subsidiary companies, whose wide range of cooperation annually covers more than 60 countries, but the company's representative offices are actively operating in 13 countries.

The corporate social responsibility of "Grindeks" is implemented in four main directions:



Corporate Social Responsibility guidelines of "Grindeks" are based on ten principles of the UN Global Compact. They cover human rights, labor rights, environmental protection and anti-corruption issues in business. By taking part in the UN Global Compact movement, "Grindeks" is successfully implementing socially responsible behavior practice for many years; it acts in accordance with good governance guidelines and promotes higher ethical business principles in Latvia and abroad. Thus, the company is not only guided by socially responsible principles in its activities, but also appeals others to follow those principles, ensuring continuous development of society.

One of the driving forces of "Grindeks" corporate responsibility is a versatile dialogue with society, patients, professional audience, non-governmental organizations and other groups of interest. Every matter concerning the ten principles of UN Global Compact is addressed in this dialogue.





The company is responsibly taking care of risks that can affect health of patients and are associated with the quality, safety and efficiency of medication. For several years the company is successfully implementing and constantly improving the pharmacovigilance system whose mission is to take care of patients and to prevent potential risks to the patient, as well as discover hitherto undefined effects of medication. In doing so, "Grindeks" in cooperation with the European Medicines Agency and other registration certificate holders also gets involved in evaluation procedures of medication at the European level.



Pharmacovigilance of "Grindeks" is organized according to the European Union standards of the "Good Pharmacovigilance Practice", as well as the national laws of the respective countries, where the medication of the company is distributed. According to these standards, information on significant adverse drug reactions is submitted to responsible institutions; data is always collected, tested and evaluated. If necessary, each patient or healthcare professional can report directly on adverse reactions to "Grindeks" medication by completing a medication reaction report in the "Pharmacovigilance" section on the corporate website grindeks.lv.

In 2014, the pharmacovigilance systems of "Grindeks" and its subsidiary "Kalceks" were successfully inspected by the Latvian State Agency of Medicines.

When conducting clinical trials, "Grindeks" adheres to ethical principles, standards of "Good Clinical practice" and "Good Laboratory practice", international and local guidelines, as well as legislative requirements governing clinical research organization and performance. All clinical trials are carried out according to the Helsinki Declaration. This declaration determines ethical principles of medical research.

"Grindeks" joins and supports the stance that responsibility of pharmaceutical care result lies on everyone who is engaged in the treatment and health care process – pharmaceutical manufacturers, wholesalers, pharmacies, pharmacists and also patients. As "Grindeks" is caring for the health of patients, it pays a great attention to education about health issues, safe, effective and responsible use of medications, as well as supports events that promote knowledge and an exchange of points of views within a professional audience. "Grindeks" regularly participates in different seminars, conferences and discussions, as well as exhibitions. Every year, with the support of the company, the highlight event of the medical industry "Annual Medicine Awards" is organized. At the event, the most outstanding health care professionals are dignified.

When informing the society about products, advertising is carried out in accordance with ethical principles set by the company and respective country, as well as national regulations. Advertisements of "Grindeks" medication are impartial and do not exaggerate their qualities.









In 2014 "Grindeks" Fund "For the Support of Science and Education" in cooperation with the University of Latvia supported the "School of Young Chemists", "Competition of Young Chemists", Chemist days, open Chemistry Olympiad and National Chemistry Olympiad. With the support of Fund, reagents were purchased for the practical works of pupils and students, as well as laboratory equipment. The company supported the ambitious 50th anniversary of Latvian University Faculty of Chemistry. While in cooperation with the Riga Technical University, chemistry and engineering sciences were promoted in two projects - "Technical creativity in schools" and "STIKS".

In 2014, "Grindeks" and Riga Stradins University signed a cooperation agreement on cooperation in development of new and innovative pharmaceutical products, closer integration of the study program and practice according to the industry growth, as well as pharmaceutical science development promotion. Jointly signed agreement is an example for successful cooperation between an employer and university, seeking for the most effective solutions for exchange of competences of both sides and supplement towards excellence in education.

For several years, "Grindeks" is cooperating with the Latvian Ministry of Education and Science – with the support of "Grindeks" Fund "For the Support of Science and Education" the best chemistry high school students participate in international Olympiads of chemistry. On 1 September -





the Knowledge day, at the Blackheads House in Riga was held a ceremony, which honoured the participants of international Olympiads and their teachers.

To widen pupils' knowledge about health, "Grindeks" Fund supported a health project "I am growing up healthy" initiated for secondary schools by an association "Papardes zieds". 238 teachers and 2,033 children in 40 different schools of Latvia interactively explored, discussed, thought, drew and carried out creative activities associated with health. The closing conference was attended by 170 teachers from all over Latvia.

To raise pupils' interest of chemistry and introduce them to the career opportunities in chemical and pharmaceutical areas, the company implemented a project ""Grindeks" Profession Days for Pupils" in 2010. Within a framework of the project each year around 40 pupils from grades 10-12 spend one working day in the company along with a specialist of chosen area: chemist, chemical technician-analyst, chemical analyst, microbiologist, manufacturing pharmacist, pharmaceutical technologist, pharmaceutical production operator, reactor operator, station manager or operator of equipment. Thus young people have an opportunity to look at their potential future profession which helps them to understand whether they are continuing their studies and career associated with the chemistry or pharmacy. The interest of pupils in "Profession Days" is increasing each year – since the project was





launched, 217 pupils have taken part in it, who later on have successfully become students in natural science programs, often returning to the company as interns.

It is no secret that because of excellent chemistry teachers, the interest of this natural science is increasing. Traditionally at the end of 2014, the seminar "Chemistry as a priority" was held at Riga Technical University. At the seminar, the best 12 chemistry teachers were dignified. The "Grindeks" award was given to Vita Berzleja from Ventspils 1st Gymnasium. Within the framework of this project, 45 chemistry teachers from all over Latvia visited "Grindeks", where they were introduced to business operations of "Grindeks", accomplishments in promotion of education, teachers also went on an excursion to the newly established Quality Control Laboratory, the Active pharmaceutical ingredient manufacturing unit and Industrial waste water treatment plant, where biological purification principle is used.

Traditionally, in honour of International Child Protection Day, at the end of school year "Grindeks" organised a special event for children of the company's employees. The project took place in the Pharmacy Museum where children were introduced to the museum's exposure, history of pharmacy and herbal treatment in an attractive manner. Chemical wonders were demonstrated by medieval magician alchemist, but together with the professor Flask children learned their first steps in modern chemistry.





The partnership of "Grindeks" and Latvian Academy of Sciences can be referred as a cooperation example between industry and science that was launched back in 1998, when the cooperation agreement was signed. It was the first cooperation agreement with a company signed by the Academy thus it pioneered the scientific patronage in Latvia. First awards - "Golden Owls" and "Silver Owls" were presented at the end of that same year. The prestigious awards and monetary premiums are presented every two years. A total of 80 meritorious and young scientists have been dignified since 1998. Many of the new scientists that received the award and at the time were not yet doctorates, have obtained the title over these years and are successfully operating in science. In 2014, for an outstanding performance in science the "Golden Owl" was presented to a doctor in pharmacy, full member of the Latvian Academy of Sciences, manager of the Pharmaceutical Pharmacology Laboratory of Latvian Institute of Organic Synthesis -Maija Dambrova, Dr. Pharm. The scientific area of interest of Maija Dambrova is related to energy metabolism studies, and while working in this field, she has made an invaluable contribution to research of action mechanisms of Mildronate®. Along with the respectable award the laureate received a monetary premium of 2,000 euros. In order to encourage young scientists to focus on science, special "Silver Owls" and support monetary premiums of 550 euros were presented to three young scientists - Beatrise Berzina, Ilze Neibolte and Toms Rekis.





In addition to business development and targeted support for education and science, "Grindeks", for many years, is a general sponsor of Latvian National Ice Hockey team. The National Hockey team not only brings the name of Latvia, but also the name of "Grindeks" into the world. By supporting development of the most popular sport, the company is also raising awareness of sporty and healthy lifestyle within a society.

"GRINDEKS" — PATRON OF THE LATVIAN

NATIONAL OPERA

For many years "Grindeks" is a supporter of the Latvian National Opera. Becoming a patron of the opera, "Grindeks" is pleased to cooperate with the jewel of culture of Latvia, thereby increasing the prestige of Latvian culture in both local and international environment.

Employees of "Grindeks" are responsible and showing initiative not only when performing work duties, but also vigorously engaging in different activities that are not related to their work duties. In autumn of 2014, on a sunny September afternoon, the most vivid employees of "Grindeks" participated in the apple picking on a farm "Rozetes", where a diligent work was done, thus gathering 2 tons of apples within couple of hours. In December part of the apples was packed as Christmas gifts for cooperation partners, but at the beginning of 2015 more than a tonne of apples was donated to little patients of the Children's Clinical University Hospital.



HOCKEY TEAM









"Grindeks" is a vertically integrated pharmaceutical company whose spectrum of activity is wide and it includes research, development, manufacturing and sales. The most significant role in all of the cycles of pharmaceutical business activities is for employees, who use their skills and knowledge to achieve the set goals. There are 1,000 employees working for JSC "Grindeks", 725 of them work in Latvia and the rest work in representative offices. The company has opened representative offices in 13 countries.

Occupational health and safety of employees, as well as professional and career growth are directions developed and improved by "Grindeks" in its main direction of corporate social responsibility - EMPLOYEE.

Work environment and safety issues are addressed systematically and they are integrated throughout the work process, by regularly evaluating work environment risks and their reduction opportunities and getting every single employee involved in this process. As its goal "Grindeks" has set to increase the knowledge of employees on labour protection issues, thus regular trainings, simulation situations and other activities are carried out.

Studies show that in Europe young people from 18 to 24 years old are the ones who suffer accidents in a workplace by at least 50% more than people in any other age group. The main reasons of these accidents are young people's lack of experience, lack of training, inattentiveness and imperfections in organisation of work, as well as unsatisfactory conditions in the workplace. Preventively responding to







these trends and by using a modern approach in a professional training, as well as taking into account that the team of the company is constantly adding new employees, on 29 May 2014 "Youth Labour Protection Day" was organised, where 27 young people of "Grindeks" took part to improve their knowledge on safe working methods and other issues regarding labour protection and fire safety.

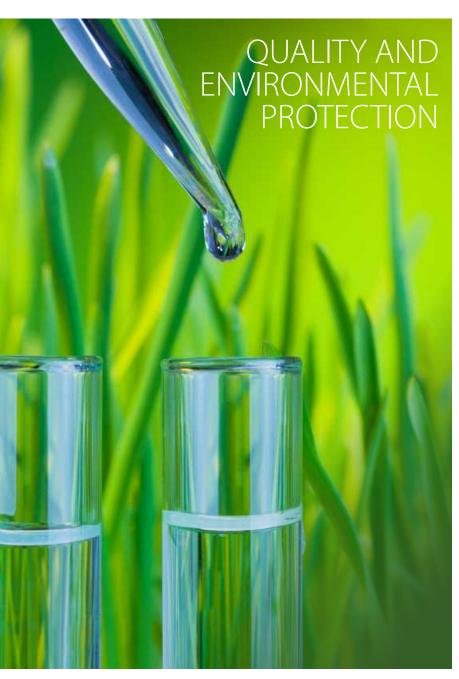
A total of 15 training seminars regarding occupational safety and health protection were organised in 2014. The main aim of these trainings was to improve the knowledge of employees on labour protection. Because of the company's systematic approach towards work environment and safety issues, employees are actively involving into improvement promotion of respective issues.

On the International day of labour protection employees of "Grindeks" participated in lottery, responded to thematic labour protection questions and got surprise gifts. In 2014, "Grindeks" film on labour protection was submitted to the project of State Labour Inspectorate "Labor protection film afternoon".

Healthy and sporty lifestyle is an urge of "Grindeks" employees. In 2014, the sportsman of the company traditionally took part in the Pharmacist basketball tournament organised by the Latvian Pharmacist Association, this one was the 18th consecutively. There were 14 teams participating in this competition, 10 of them competed in the youth rivalry, but 4 - old masters tournament. "Grindeks" won two golden medals, thus taking the 1st place in both youth and old masters categories.

"Grindeks" believes that the professionalism and knowledge of employees are important for the sustainable development of the company, therefore the human resources team is paying significant attention to professional and career growth of employees. By investing in competence enhancement of employees, "Grindeks" training projects aim to raise qualifications of employees and provide new knowledge to them. Priority training topics in 2014 were good manufacturing practice, quality assurance and management, labour protection, engineering and manufacturing issues. The average training hours per 1 employee in 2014 were 11 3 hours





QUALITY and ENVIRONMENTAL PROTECTION is one of the four directions of the "Grindeks" Corporate Social Responsibility, which "Grindeks" as a socially responsible company pays special attention to.

As a pharmaceutical company, which uses chemical and biological processes in manufacturing, "Grindeks" attitude towards nature is lenient. Looking at the manufacturing processes through an environmentally friendly prism, the company adheres to more than 70 binding environmental protection laws, regulations and requirements.

Drug manufacturing is a strictly regulated business area, at the mean time it is one of the most responsible manufacturing industries, as it is related to human life and health. Requirements towards the drug manufacturing quality are increasing every year, thus the company continuously improves its performance. Business activities of "Grindeks" are certified and according to requirements of the "Good Manufacturing Practice" standards. Each year the manufacturing units are repeatedly tested in various international inspections and audits, who give their conclusion on conformity with the international quality standards.







OUALITY AND ENVIRONMENTAL MANAGEMENT

In order to continuously improve its performance, "Grindeks" has introduced an integrated quality and environmental management, occupational health and safety system, which covers all of "Grindeks" business areas and operates in accordance with international and Latvian standards LVS EN ISO 9001:2008 (including FOCT ISO 9001:2011), LVS EN ISO 14001:2004 and LVS OHSAS 18001:2007. The main goal of this system is to ensure successful monitoring audit performance and results of integrated quality and environmental management, occupational health and safety system. To achieve this goal, the company organises regular internal audits. There were 15 internal audits that took place in 2014, which covered all of the Integrated system requirements, as well as all of the main processes of the company and its departments. In order to facilitate monitoring and control of business operations, in 2014 the corrective and preventive actions efficiency evaluation method was developed and implemented. Alse the surveillance audits of certification bodies "Bureau Veritas Latvia" and the All-Russian Scientific Research Institute for Certification (OAO BHIJIIC) took place in 2014, in which discrepancies were not found.

To obtain feedback from clients, in 2014 the "Grindeks" client satisfaction survey was made. The data collected helps to improve collaboration with partners and improve quality of "Grindeks" services, communication, customer service, and other areas.

The implemented quality, environment, occupational health and safety policy principles of "Grindeks" are coherent with the fundamental principles of the laws and regulations and other requirements that are imposed in pharmaceutical manufacturing, as well as customer satisfaction, preferences of shareholders and employees.

A comprehensive observance of Good practice principles and continuous monitoring of implementation is the main condition that ensures the quality of a pharmaceutical product in the life cycle and guarantees that the medication is constantly manufactured and controlled according to the drug manufacturing requirements, which thus are in accordance with requirements of use of medication and patient needs.







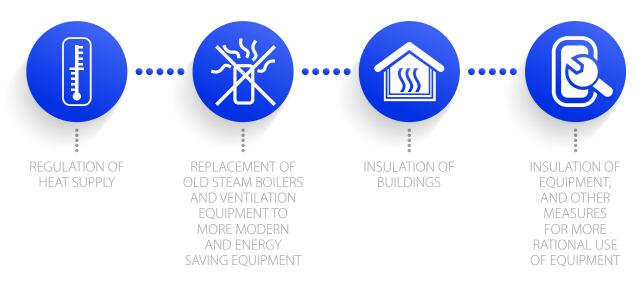
Manufacturing activities of "Grindeks" are carried out in accordance with the Category A licence for existing polluting activities. It is known that complicated chemical products can be obtained only from other, simpler chemical products, therefore pharmaceuticals and medication usually can't be made out of environmentally friendly products. According to "Grindeks" policy and environmental protection goals, the company is constantly testing and evaluating the most environmentally friendly technologies and raw materials, and, if there is a possibility to obtain qualitative, safe and effective medication, environmentally friendly solvents (water, alcohol etc.), water-soluble and natural vegetable dyes etc. are used.



Environmentally friendly technologies elaboration is based on the European Commission's recommendations issued in 2006, which include the best available technical and technological solutions for the execution of fine organic synthesis processes, reducing and recycling the resulting emissions and waste.

To reduce emissions in the workplace environment and atmosphere, "Grindeks" improves the manufacturing technologies to reduce the consumption of environmentally unfavourable solvents. "Grindeks" is following the European Commission's guidelines on best available technologies in pharmaceutical and analogous manufacturing of ancillary industries.

ENERGY CONSUMPTION REDUCTION MEASURES:





In summer of 2014 a project "Reconstruction of "Grindeks" steam generating system to improve energy efficiency "was launched, which will reduce the energy resources already in the near future.

Essential is the fact that before even starting the projection and construction of improving the existing and building new manufacturing units, "Grindeks" always evaluates options for the heating, hot water and steam and cooling systems to choose the most optimal one. The recuperation is widely used within the company – the released heat is reused for the heating system of premises and equipment. All ventilation equipment of "Grindeks" is gradually replaced to less energy-intensive systems. Use of the artesian water for cooling the industrial equipment was introduced in 2010 and reduces energy consumption in the company, as well as previously used potable water consumption.



The most significant of waste reduction solutions is an increase of the reaction outcome in chemical processes. One of the techniques is the solvent recovery and extraction of valid components from liquid waste. Waste, obtained throughout the manufacturing processes, is accordingly sorted; hazardous waste is transferred to licensed disposal organisations for destruction. Amounts of hazardous waste per unit of production compared to 2013, in 2014 have decreased by 16.1%. In the area of waste management "Grindeks" is cooperating with several organisations - "Green Dot of Latvia", "BAO", "Ekoosta" and others.

The company effectively takes care of the environment. Because of the environmentally friendly concept of wastewater treatment, that was opened in 2009 by revealing a modern, closed-type biological wastewater treatment equipment, "Grindeks" chemical manufacturing is compatible with respect for the environment.

There is also a modern laboratory in the treatment plant where analysis of wastewater and the monitoring of results is carried out, as well as the wastewater research. By carrying out qualitative wastewater treatment process management and system optimisation, industrial wastewater treatment efficiency indicator is getting close to the world's best available technology indicators. In 2014 - 94.32%. During the 2014 there were treated 58,086 m3 of industrial wastewater, which is by 16% less than in 2013.

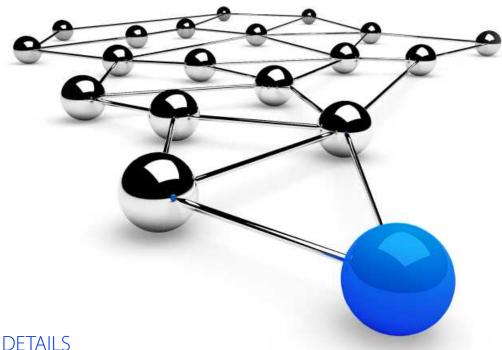
"Grindeks" as one of the cooperation partners of "Environment, Bioenergetics and Biotechnology Competence Center" is participating in the research of industry "Biological treatment of water containing pharmaceutical and petroleum compounds". The aim of the study is to detect, identify and maintain specific microorganisms and microbial groups that are most efficient in breaking down difficult biodegradable chemicals in the pharmaceutical and oil-containing wastewater. Within the framework of the project, there were selected and identified 115 microbial communities from activated sludge of industrial wastewater of "Grindeks"; there was also held an examination on their ability to treat the pharmaceutical manufacturing and petrol containing wastewater. The results will help to select the communities with the highest potential for industrial wastewater treatment. They will be practically applicable to make a biological wastewater treatment plant optimisation, increase the efficiency of industrial wastewater treatment and ensure the long term sustainability of the treatment process.

Results of the study have been compiled in a scientific publication by Dz.Rozitis, E.Strade "COD reduction ability of microorganisms isolated from highly loaded pharmaceutical wastewater pre-treatment process" that was published in a magazine "Journal of Materials and Environmental Science" 6(2) (2015) 507-512.









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