

Sustainability Report

ESG 2021

Our Business Model



- Pharmacies
- E-Shop
- Healthcare Services
- Robots for pharma process automation



- Distribution
- Hospital Business
- Logistic Services
- Regulatory Affairs
- Marketing & Promotion Activities
- Other sales (packing materials)

Our Numbers

Farmaceutica REMEDIA specializes in pharmaceutical distribution, marketing, and promotion activities in the health sector, retail activities through 25 own pharmacies, e-shop, and logistics services. The distribution activity has the following business lines:

- **Pharmacy Sales Division:** national coverage with a portfolio of over 2,500 customers, independent pharmacies, national and local chains, as well as third-party distributors;
- **Hospitals Sales Division:** national coverage with a portfolio of 527 clients such as public and private hospitals and clinics.
- **Logistics and warehousing services** for third parties, manufacturers, of which we mention: Bayer, Chiesi, Desitin, GL Pharma, Montavit, Novartis, UCB;
- **Marketing and promotion services** for various companies and therapeutic areas: cardiovascular and diabetic – Gebro Pharma, dermato-cosmetics – Aromelia, Medimar, Benostan, NADH, family medicine and pediatrics – Capricorn, Doetsch Grether, Oystershell, Nano-Repro, Rowa-Wagner, Trenka, neonatology – Alprostadil „REMEDIA” 500 mcg, transplant – Kohler Chemie, Organ Recovery, Organ Assist;
- **Regulatory services:** registration of pharmaceutical products for companies such as GL Pharma, Klosterfrau, Merz Pharmaceuticals, Santen Oy, Promed CS Praha, etc;
- **Sales of packaging materials** from international manufacturers Perlen and Aluberg to local pharmaceutical manufacturers.



“Farmaceutica REMEDIA supports the ARIR-BVB approach in implementing regulations in line with international practices, which facilitate communication with both investors and business partners, and we have joined the practice of innovative concepts of sustainability and digitalization.”

— **Valentin Norbert Tarus**
*Chairman of the Board of
Directors*

Our Corporate Governance

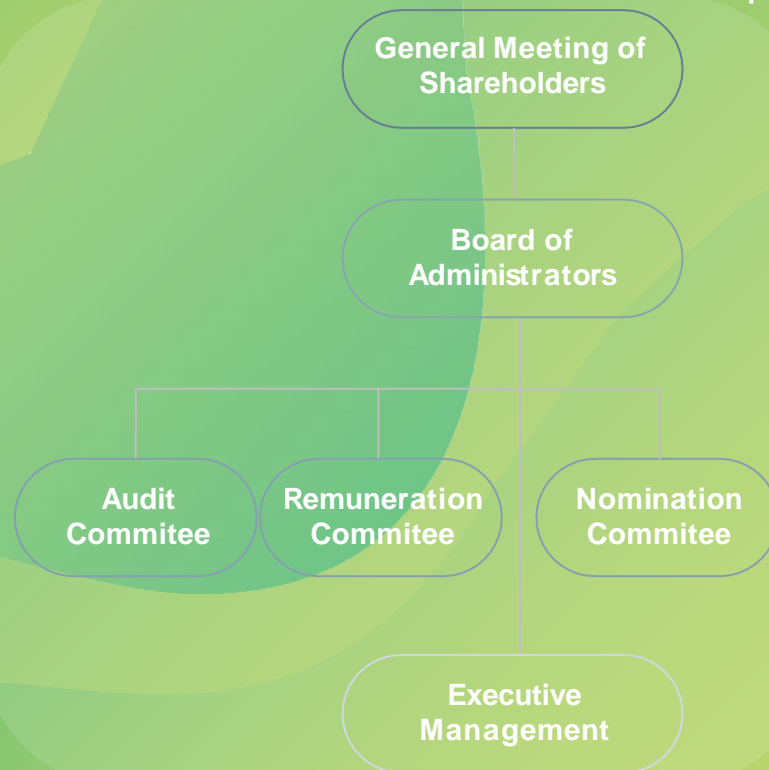
Board and Management

Our Corporate Governance policy is in complete compliance with the Corporate Governance Code issued by the Bucharest Stock Exchange (BSE) and we annually publish a report on the matter.

The corporate governance structure is composed of the General Meeting of Shareholders, the Board of Administrators (Board), and the Executive Management, in order to assure an authority balance. The Board promotes, through appropriate means, a dialogue with shareholders, based on a mutual understanding of current objectives and activity, as well as the company's values and strategy, risk management policy, and other key policies. Furthermore, the Board ensures that the management, human and financial resources required to achieve the objectives are available.

Internal Control

The Audit Committee carries out an annual evaluation of the internal control system. The evaluation determines the efficiency, effectiveness, and purpose of the internal audit function, the adequacy of the risk management and internal control reports to the Audit Committee, the responsiveness and effectiveness of management in addressing identified deficiencies or weaknesses, and the results are reported to the Board.



We are proud to be one of the 10 companies that obtained the **highest grade in investor communication, according to the VEKTOR assessment conducted by ARIR.**

We believe that maintaining an open dialogue with all stakeholders is the key to truly sustainable development, so we treat everyone with equal respect and attention. The needs and desires of stakeholders are the focus of our attention, so we hold a half-yearly dialogue with shareholders and investors.

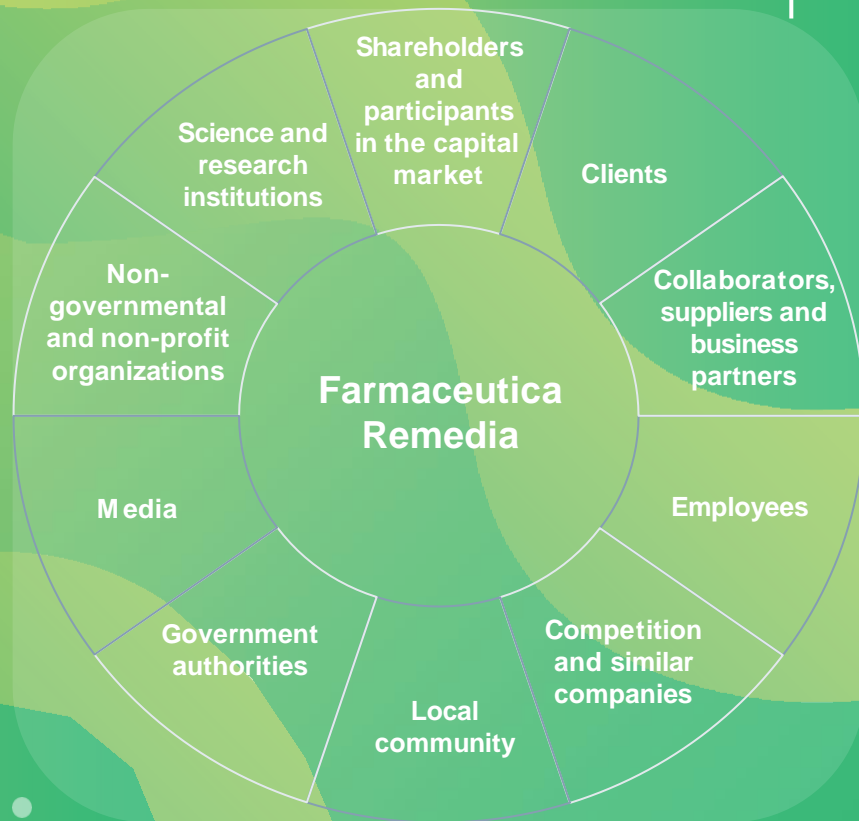
The shares of our company have been traded on the RASDAQ market since 1996, symbol RMAH, and since 2009 the Bucharest Stock Exchange (BVB) has started trading the shares on the market regulated by BVB, Equity Sector, Standard category.

We always keep our shareholders informed, whether through half-yearly conferences, e-mail newsletters, published reports or direct meetings whenever necessary.

The General Meeting of Shareholders (GMS) takes place annually or whenever necessary, in accordance with Law no. 31/1990 of the Companies and Law no. 24/2017 on issuers of financial instruments and market operations and other regulations.

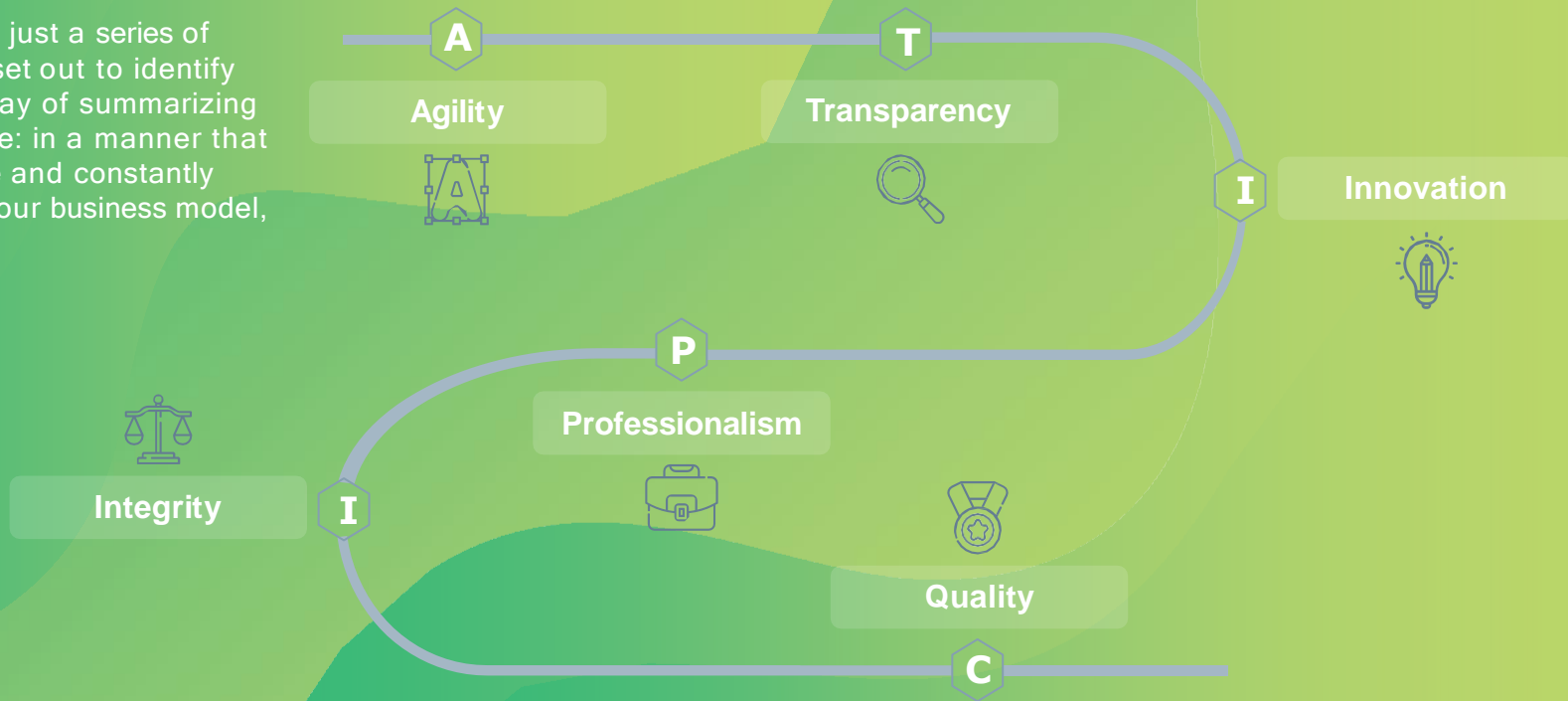
Documents subject to shareholder debate and GMS decisions are available on our company's website.

Our Stakeholders



Our Values

Our values are not just a series of concepts that we set out to identify with but are our way of summarizing the way we operate: in a manner that is visionary, diverse and constantly improved, just like our business model, every year.



Our Policies

Human Rights

Respecting and supporting human rights is one of our main focus points



Environment

Addressing our environmental responsibilities is a crucial target for us



Labour

We assure decent working conditions and pursue the safety and health of our employees



Anti-Corruption

A zero tolerance policy towards corruption has been in effect since our first day



Human Rights

Our **Code of Conduct and Business Ethics** promotes respect and honesty among people at all levels, from every employee to top management. We support impeccable behavior in any relationship, both at work and in our daily lives, in every interaction with society.

We take the **UN Guiding Principles on Business and Human Rights** very seriously, as it is in our legal and commercial interest to promote their values, but more importantly, we believe it is **our moral duty to do so**.

We have made sure that our business is defined by **inclusion and diversity**. That said, we do not discriminate between employees or job seekers based on race, skin color, ethnicity or nationality, gender, sexual orientation, or age.

We also focus on **gender equality** issues, so we have secured a 30% female board of directors, and over half of the management team and stakeholders are women, with a full share of **68% women - 32% men** employment.

To ensure that all human rights are respected, we have a well-trained Human Resources department that maintains an open dialogue on this issue and encourages employees to report any violations of this code. There have never been any complaints in our company.



Responsibility towards employees

In achieving the company's goals, we rely on the work capacity and competence of our employees. We care about providing our employees with a job in which they can fulfill their potential and contribute to the development of the company. At the same time, we are reviewing our Human Resources policies based on the feedback received following the employee motivation survey, direct consultations, and training sessions with employees.

Health and safety measures

In 2021, in addition to the regular activity of informing and training employees on safety and security measures at work, differentiated by the department and the nature of the activity involved, we have improved measures to prevent infection with the SarsCov2 virus, thus limiting its impact among the company's employees.

Regarding the staff working in the

warehouse, protective equipment is provided free of charge.

Remuneration policy

The form and structure of remuneration are based on two components: fixed (80%) and variable (20%). While the fixed component is a monthly salary that takes into account the level of payment on the local market, as well as the experience and expertise of each employee. The variable component aims to reward performance and nurture continuous motivation. Therefore, the variable part of the remuneration depends on the achievement of the company's KPIs and the specific objectives of each department. This can be in the form of a sales commission (for operational departments) or as a performance bonus (for support departments).

In 2021, the **basic salary was increased by an average of 24%**, 15% through the fixed component, and 9% through the variable component, respectively.



Environment



Our Environmental Policy is part of the company's Environmental Management System, in full compliance with national and European environmental legislation, thereby we aim to fulfill several commitments we have made in this regard.

We have clear procedures in place to carefully plan our work and, as a result, reduce our carbon footprint each year. We are constantly improving our services to reduce their impact on the environment by providing environmentally friendly and energy-efficient services, ensuring that their performance is improved and that accidents and occupational hazards are prevented.

In this regard, in 2021, in order to reduce the pollution and the carbon footprint of the company, we have decided to outsource the transport service for most of the work points, keeping its own fleet for the two central warehouses, Deva and Bucharest, as well as and for the Pitești office.

In every aspect regarding ethical principles, we are proud that we have implemented a **strong anti-corruption policy** and that no attempted fraud has ever been registered in our company.

We insist that employees must never offer or receive special benefits or benefits to business partners, public institutions, officials, or any third party. All gifts, invitations, and any kind of hospitality must be in line with the law and society. Any attempt to violate this policy is sanctioned, and a violation of the regulations results in the immediate dismissal of those who prove guilty.

Our commitment to a **zero-tolerance policy towards corruption** helps us to ensure the integrity of our company, both financially and operationally. In addition, we believe that such a policy strengthens a company's reputation and ensures **fair business conduct**.

To ensure the most effective approach to corruption liabilities, we focused on measures based on the results of risk assessment simulations.

Anti - Corruption



Our Sustainability Strategy

A vision of the future

Our most ambitious goal is to achieve sustainable performance, in line with both recent and future legislative updates, such as those deriving from the objectives of the European Green Pact and other principles aligned with the most important international sustainability initiatives.

In line with our values, we have set ourselves goals for sustainable development, based on a vision of a more ethical future.

In 2021 we created a two-dimensional sustainability strategy, targeting the company's activity, by applying the principles of sustainability both internally and externally, paying special attention to the practices carried out by our partners and suppliers.

A greener work environment

We have taken the first steps towards this goal by raising environmental awareness among our employees, starting with a system based on a set of golden rules for better resource management, which starts from the premise of careful use of water and electricity at our headquarters. In 2022, we intend to train our employees on sustainable practices, both in the office and at home.

Green partners

We do our best to improve our resource management and do not expect anything less from our partners throughout the supply chain. Our suppliers and partners are companies that strive to strengthen their social, environmental, and economic performance by adopting responsible practices focused on reducing their carbon footprint.



In 2021 we made considerable energy savings, compared to 2020, by partially replacing the fluorescent/incandescent lamps in our warehouses with LED lamps.

Also, our goal was to reduce the consumption of gasoline and diesel, as well as the saving of natural gas and wood, so we were able to record the following **reductions in consumption**:

Fuel	MU	2020	2021	
Electricity	MWh	911.388	803.697	▼ 11.82%
Electricity	Mvar	32.179	19.595	▼ 39.11%
Natural gas	KWH	1 016 171.512	938 940.650	▼ 7.60%
Diesel fuel	L	354 808.2	255 178.1	▼ 28.08%
Benzine	L	37 810.6	25 541.7	▼ 32.45%
Firewood	m3	50	45	▼ 10.00%

Our Resource Consumption

We collected for **recycle 6.8 tons of plastic, paper and cardboard packaging waste**, respectively **4.6 tons of expired medicine waste** to be disposed of by incineration.

At the same time, we **launched an internal program for the collection of used batteries and light bulbs, small electronics and appliances**, in partnership with ECOTIC, an organization specializing in WEEE management.



Our Adopted Sustainability Goals

Over time we have developed an extensive program of social responsibility, supporting various forms of artistic and cultural expression, sports, educational or scientific activities to promote a healthy lifestyle, develop team spirit, increase individual and group performance, protect the environment and climate, encourage culture and active involvement in the community.

In 2021, this support consisted of **sponsorships totalling 118,080 lei.**

3 GOOD HEALTH
AND WELL-BEING



4 QUALITY
EDUCATION



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



14 LIFE
BELOW WATER



15 LIFE
ON LAND



**SUSTAINABLE
DEVELOPMENT GOALS**

We are committed to distributing high-quality, differentiated pharmaceuticals and other health care products that are needed to **help improve health and extend the quality of life.**



COVID 19

The last two years have been a real global challenge. During this time, we have focused on providing a full range of rapid tests, for easy access to testing and to help prevent the spread of the virus, as well as to ensure an adequate level of supply of medicines needed to treat the effects of infection with SARS-CoV-2 virus.

Campaigns

We are constantly preoccupied with better health institutions and easier access to appropriate medical treatment, by supporting some of the most impactful associations in the country, which have developed projects such as:

Asociația Daruieste Viață – building a children's hospital at European standards.

Asociația Help Autism – supporting public institutions to provide better treatment for children and teenagers on the spectrum.

Asociația Spitale Curate – conducting projects and activities aimed to support children with cancer.



Our company has a long tradition in supporting Romanian athletes and encouraging educational performance.

In this regard, amongst the most important sustained projects, as part of our social responsibility goals, are **Deva Citadel Sports Club** and the **Romanian Gymnastics Federation**, sponsoring the gymnastics, aerobics, and athletics teams.

Our dedication to the young generation of athletes translates best into our involvement in the “**Country, country, we want champions!**” project, through the support offered to the national champions and juniors who competed in the 2021 editions of the Combs to Ville tournament, Charleroi contest, and the traditional Top Gym competition. We understand to a great extent what challenges the road to unlimited performance comes with, so in addition to financial support, we have also provided vitamins and dietary supplements to support the body and for the recovery from physical exertion.

Sports & Education

Furthermore, in 2021 we have made available 150 Covid-19 rapid tests to the Romanian Federation of Gymnastics to help enhance safety measures.

Concerning school performances, we have been offering prizes annually to the students of the **Deva Citadel National College** and the **Sabin Drăgoi Theoretical High School** to reward scholar achievement.

At the crossroads between education and innovation, we have been involved by constantly offering support to:

Decebal Association – Decebal National College through materials to promote and support excellence in education, as well as the support of the robotics circle of the college;

Silver Fox Sports Club Association through the purchase of electronic teaching materials and robots;

Brașov Chess Sports Club by supporting sports staff scholarships.

Support for children from disadvantaged backgrounds

As endorsers of associations that help children from disadvantaged backgrounds, we are annually involved in supporting:

The Voice of Life Association for children from disadvantaged families by donating clothes, shoes, school supplies, and organizing camps;

Pro Vita Association offering sponsorships for raising and educating 480 children of families from the villages of Valea Plopului and Valea Screezii in Prahova County;

St. Francis Foundation by helping the children in its care in the St. Elizabeth's Home in Orăștie.



Pharmacy of the future

We are constantly concerned with adapting business models in line with the ever-changing expectations of our partners and customers, based on the market orientation towards digitalization and IT development.

In partnership with BD Rowa, we distribute automation solutions for pharmacies, warehouses, and hospitals in Romania, Bulgaria, and Moldova, offering a **digital solution for automating pharmaceutical processes**.

The company launched the first Smart Robot installed in October 2021 at the REMEDIA pharmacy, Metalurgiei 78, Bucharest, and by the end of the year commissioned 4 robotic systems, including configurations of two robots each, in total of about 5 million lei (excluding VAT) in pharmacies in Romania.

Thus, our business has entered a new stage of development, relying on new technologies based on digitalization.



Life on Land & Water

We organize annual events at the Lolaia Waterfall in the Retezat Mountains and at the Anastasia Pension in the Danube Delta, offering opportunities for exploration, learning, and awareness about natural ecosystems and biodiversity.

The last two years have been difficult for us to organize comprehensive events in this regard, but we hope that 2022 will be more friendly when it comes to continuing our projects involving educational activities for waste sorting and household waste disposal.

We continue the partnership with **the Save the Danube Delta Flora and Fauna Association** by supporting the costs of organizing educational activities for children about the Danube Delta.





In November 2021, Farmaceutica REMEDIA SA received an
ESG Risk Rating of 16,7
and was assessed by Sustainalytics to be at **LOW risk** of experiencing material
financial impacts from ESG factors.

Visit <https://www.bvbresearch.ro/ReportDashboard/ESGScores>
for more information on the ESG score.

Thank you!

The legal provisions under which this report was made are EU Directive 95/2014 and MFP Order no. 1802/2014, with the amendments brought by the MFP Order no. 1938/2016.

President of the Board of Administrators,
„TARUS” - Valentin Norbert TARUS e.U.

Written by
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