

PROMOMED GROUP

2021

ESG REPORT



Contents

Message from our Chairman	4
1. About this Report	5
Reporting Approach	5
Material Topics	5
2. About Promomed Group	8
At a Glance	8
Mission and Values	10
History	11
Regions of Presence	12
Sustainable Development	13
Stakeholder Engagement	14
3. Corporate Governance and Responsible Business	17
Corporate Governance	17
Risk Management	20
Business Ethics and Compliance	21
Sustainable Supply Chain	22
Social Initiatives and Charitable Activities	24
4. High Product Standards	27
Our Approach and Progress in 2021	27
Innovative Product Research and Development	29
Product Quality, Efficacy and Safety	33
Plans for 2022	36
5. Contribution to Healthcare Development	37
Our Approach and Progress in 2021	37
Support for Research and Educational Projects	40
Availability of Quality Medicines	42
The Fight against COVID-19	44
Plans for 2022	47

6. Talent Attraction and Development	48
Our Approach and Progress in 2021	48
Recruitment and Retention	50
Decent Working Environment	53
Talent Development	53
Occupational Health and Safety	57
Diversity and Inclusion	61
Plans for 2022	63
7. Caring about the Environment	64
Our Approach and Progress in 2021	64
Waste Management	66
Resource Efficiency and Lower Emissions	68
Plans for 2022	72
Appendices	73
Talent Metrics	73
Environmental Metrics	77
Contribution to Achieving Russia's National Goals	79
Contribution to the UN SDGs	82
GRI Standards Index	88
Abbreviations	99



Message from our Chairman

Dear Friends and Colleagues,

We are pleased to present **Promomed** Group's first-ever ESG report and disclose our key achievements in environmental protection, social responsibility and corporate governance in 2021. This report has been prepared in accordance with Russia's National Sustainability Goals set until 2030. It is based on the GRI standards and reflects the Company's contribution to attainment of the United Nations Sustainable Development Goals.

Promomed Group is committed to the ESG principles. The Company is working steadily to protect the environment, provide for social development and improve corporate governance.

The Company is aware of and strives to reduce its impact on the environment through process optimization, implementation of new energy saving technology and rational use of resources. In 2021, the Company updated corporate documents regulating specific aspects of its efforts to protect the environment and adopted the Programme for Water Quality Production Control. Owing to our continuous production upgrades, we have succeeded in minimizing pollutant emissions. As a result, the local branch of the Federal Supervisory Service for Consumer Protection and Wellbeing (Rospotrebnadzor) allowed the Company to reduce the radius of the sanitary protection zone around the Biokhimik plant to 100 metres. In June 2021, Biokhimik became one of the first pharmaceutical enterprises in Russia to **receive an EEU GMP certificate**.

As the biggest employer and taxpayer in the Republic of Mordovia, the Company is participating on a systemic basis in the social development of the region. Promomed Group provides support for medical educational institutions and specialist training. In 2021, we launched a training and production laboratory for chemical and pharmaceutical technology, as well as a training and scientific laboratory for active pharmaceutical ingredient synthesis in Ogarev Mordovia State University. These labs were equipped with the latest high quality technology. The Department of Chemistry and Technology of Physiologically Active Substances at Ogarev Mordovia State University was created on Promomed Group's initiative and continues to operate successfully. The department's students often join the Company after graduating.

Corporate governance in the Company is based on the best international practices. Independent directors have a majority of votes on the Board of Directors. It is important for the Company to maintain a dialogue with employees and respond promptly to their requests. In order to achieve these goals, in 2021 we held regular town hall meetings. The Company has established a new division responsible for organizational development. We are doing our best to improve working conditions on an ongoing basis.

We will continue to follow the sustainable development principles, improve sustainability practices and respond promptly to the needs of our stakeholders in order to make people healthy, good-looking and happy.

Petr Bely

Chairman of the Board of Directors
Promomed Group

1. ABOUT THIS REPORT



Reporting Approach

Promomed Group has published its first ever ESG report (the report) identifying the key metrics of the Company's business performance, environmental protection efforts and social responsibility for **1 January – 31 December 2021**. The Company plans to publish ESG reports on an annual basis.

The information presented here covers the operations of **Promomed JSC** and the other companies of the Group, unless otherwise stated.

Promomed JSC, the Group's holding company, was established during the reporting period, on **26 July 2021**. The report describes the principles followed at Group level to manage the sustainability matters outlined in the documents of **Promomed JSC** companies.

In 2022, **Promomed JSC** plans to formalize the relevant provisions in its corporate policies.

The data in the Caring about the Environment section covers the operations of **Biokhimik JSC**, a production unit of the Company. We did not record data for the Group's other legal entities in the reporting year.

This report has been prepared in accordance with the **GRI**¹ non-financial reporting standards (**Core Option**). It reflects the Company's efforts to achieve the United Nations' Sustainable Development Goals.

This report has been agreed and approved by the **Promomed JSC** Board of Directors.

Material Topics

As per the **GRI**¹ standards, **Promomed Group** has followed the procedure for determining material topics of most relevance for stakeholders.



¹GRI – The Global Reporting Initiative

To identify the material topics in several stages, we:

1

Prepared a broad list of material topics based on a review of the Company's current sustainability efforts, pharmaceutical company best practices and stakeholder opinions

2

Conducted a survey of external and internal stakeholders in order to rank the material topics

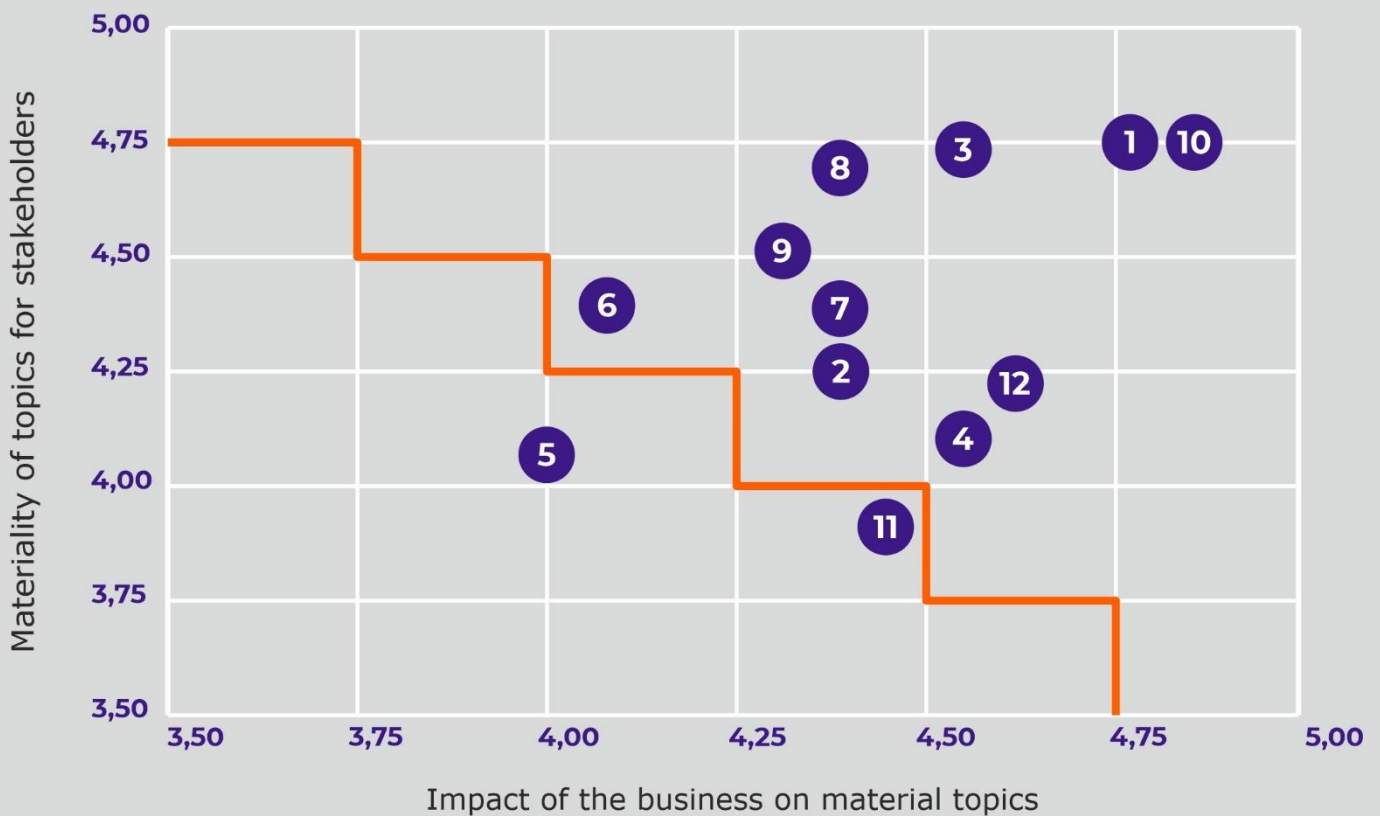
3

Analysed the survey results and developed a materiality matrix to determine the material topics to be covered in detail in the report

As a result, the **Company selected** 10 of 12 material topics as the focus for the report.



Materiality Matrix



- | | |
|--------------------------------|--|
| 1. Medicine quality and safety | 7. Sustainable supply chain |
| 2. Medicine availability | 8. Decent working environment |
| 3. Research and development | 9. Occupational health and safety |
| 4. Educational activities | 10. Employee well-being and development |
| 5. Efficient use of resources | 11. Social initiatives and charitable activities |
| 6. Waste management | 12. Business ethics and anti-corruption |

The list of material topics:

- | | |
|--|--|
| <ul style="list-style-type: none"> • Medicine quality and safety • Medicine availability • Research and development • Educational activities • Efficient use of resources | <ul style="list-style-type: none"> • Sustainable supply chain • Decent working environment • Occupational health and safety • Employee well-being and development • Business ethics and anti-corruption |
|--|--|

2. ABOUT PROMOMED GROUP

At a Glance

Promomed Group is a leader in the Russian pharmaceutical industry. The Company specializes in development, production and promotion of medicines used for infection control, endocrinology, neurology, oncology and general treatment.

The Company has implemented the full cycle of pharmaceutical production, from molecule to finished dosage form.

Promomed Group has established a corporate **R&D Centre²** — a network of research laboratories developing new medicines. The Centre's capacity enables development of new medicinal products, study and use of biotechnology for pharmaceutical purposes, rapid upscaling of processes and production of small batches for preclinical testing.

The **Promomed Group (Biokhimik)** production site is a plant operating in full compliance with the international standards of the **Good Manufacturing Practice (GMP) of the Eurasian Economic Union³**. The plant produces ten dosage forms of pharmaceutical medicinal products. It operates five production workshops: Injectable Antibiotic, Tablets and Capsules, Ready-to-use ampoules, infusion Solutions, Ointments, Suppositories, Tablets and Capsules, Antibiotics, as well as Pharmaceutical Substances, Sterile Liquid and Lyophilized Pharmaceuticals.

Promomed Group sells pharmaceuticals in both the clinic and commercial segments. The Company's key clients are medical and prophylactic institutions, pharmaceutical distributors and pharma chains.

Promomed Group in Figures

16 years on the Russian market

a 2.6% share among Russian producers (+1.12 pp)

RUB 16,373,277,000 in net revenues (+71%)

RUB 5,890,193,000

in profits (+112%)



over 1,600 employees

4,425 inpatient facilities where the Company's products are available

200 medicines in the portfolio, including six original medicines and medicines with an original manufacturing process

²R&D — research and development

³GMP — Good Manufacturing Practice

Organizational structure of Promomed Group

Promomed Group core companies:

- ◆ **Biokhimik JSC** (Russia), production site
- ◆ **PROMOMED REDUXIN HOLDINGS (CYPRUS) LIMITED⁴** (Cyprus)
- ◆ **Promomed Rus LLC** (Russia), research centre
- ◆ **Promomed JSC** (Russia), holding company
- ◆ **Promomed DM LLC** (Russia), trade house and management organization of Promomed Rus LLC, Biokhimik JSC and PROMARK LLC
- ◆ **Miracle Pharm LLC** (Russia)
- ◆ **Promark OOO** (Russia), software development

Awards and prizes in 2021



- **Promomed Group** joined the Top-20 Russian producers according to Forbes.

- **Petr Bely**, **Promomed Group's** founder, was awarded the Order of Pirogov for merit in production of medicines.

- Two medicines, **Areplivir** and **Reduxin Forte**, won the **Innovative Product of the Year Award** at the international competition of production innovations in various areas and fields of operation.

- **Areplivir** won first place as the Best Launch of a Prescription Medicine in the Retail Segment in 2021 at the IQVIA RX Awards ceremony.

- **The Association of Independent Pharmacies** (consisting of more than 10,000 pharmacies in Russia) awarded **Promomed Group** for Stability, Reliability and Loyalty as one of the most stable and reliable members of the Association.

In November 2021, the Russian rating agency Expert RA upgraded **Promomed DM LLC's** long-term credit rating to ruA- (positive) with a stable outlook.

⁴ PROMOMED REDUXIN HOLDINGS (CYPRUS) LIMITED

Mission and Values

Mission

We respond to critical challenges in healthcare by creating something new, foreseeing the future and finding solutions.

Our mission is to put our knowledge, experience and passion into making people healthy, good-looking and happy.

Vision

We offer breakthrough solutions in healthcare, implement innovative medicines and digital models.

Promomed is a leader in the biotechnology industry and individualized medicine on the domestic market and abroad.

Values


Significance 

When developing innovative medicines, we address critical challenges and make a significant contribution to medical science, practice and production. We are interested in making drastic improvements and finding unique and significant solutions.


Achievements 

We can respond quickly to challenges and focus on goals. We are proud of our progress and that of the team but we never rest on our laurels. Our main achievements are always ahead.



Collaboration and development 

We value openness to new developments, support members of our team in their pursuit of studies, professional growth, increased competence and broader interests. By collaborating, we make one another stronger.

Visioning and creativeness 

We anticipate market demands and exceed the expectations of our patients and partners. We are aware of the current challenges for healthcare so we can plan our operations based on the present and future needs of the medical community and patients.

Caring about the future 

We create the future, improving people's lives and the world around us. We attach great importance to developing local communities and protecting the environment.

Passion 

We draw our passion from responding to the challenges facing modern medicine and finding solutions to the most significant problems. We work with devotion, passion and commitment to achieve our goals.

History



The USSR Council of Ministers **signed a resolution** ordering construction of Biokhimik, an antibiotic manufacturing plant in Saransk. Sixty-three years later, the plant has become part of **Promomed Group**

1952

Biokhimik launches full cycle domestic production of antibiotics of the latest generations

A goods traceability system implemented, including product labelling and aggregation

2018

2005

Promomed Group created

Supported the launch of the Department of Chemistry and Technology of Physiologically Active Substances at Ogarev Mordovia State University

Developed and marketed **Revocarín** and **Neosmectin**, the Company's first medicines for treating dysuric phenomena and for use as an adsorbent

2006

2019

The Company launched its own production of substances involving chemical and biological synthesis, as well as sterile medicines in liquid and lyophilized forms

2007

A new weight-loss medicine Reduxin was developed by **Promomed** and became available at pharmacies. In 2013, it became a top-20 best-selling medicine in Russia⁵

Promomed DM LLC issued bonds on the Moscow Exchange. **Promomed** opened the way for investors in the industry, becoming the first Russian publicly-traded pharmaceutical company

Added **over 50** new registered medicines to the portfolio

2007–2014

Promomed DM LLC is assigned a long-term ruBBB+ rating with a stable outlook

2015

Promomed acquired the **Biokhimik** plant (pharmaceutical production site) and launched a modern line for manufacturing tablets and capsules there

The Company developed and obtained marketing authorization for **Areplivir**, a medicine for treating **COVID-19**, thereby becoming the first Russia-based pharmaceutical company to register an anti-COVID medicine in Russia

2020

Created a biotechnology laboratory – the Antibiotics Scientific Production Engineering Centre

2016

Launched full-cycle production of antiviral medicines at the **Biokhimik** plant

2017

Obtained a final decision from Russia's Ministry of Industry and Trade on compliance by the manufacturing process at Biokhimik with the requirements of the Good Manufacturing Practice (GMP) in the Russian Federation

Upgraded and launched two lines for manufacturing tablets, ointments and gels at the **Biokhimik** plant

Developed the first Russian substance for Vancomycin antibiotic used for treating endocarditis, sepsis, bone and joint infections, lower respiratory tract infections, skin and soft tissue infections

2021

Biokhimik obtained an EEU GMP-compliant certification.

The Company registered the first anti-HIV therapy medicine in its portfolio

Registered a medicine for cancer treatment in its portfolio

Launched two laboratories at the Ogarev Mordovia State University: the training and production laboratory for chemical and pharmaceutical technologies, and the training and scientific laboratory for active pharmaceutical substance synthesis



⁵ According to DSM Group research



Regions of Presence



Promomed Group is based in Moscow.
Biokhimik operates in Saransk.

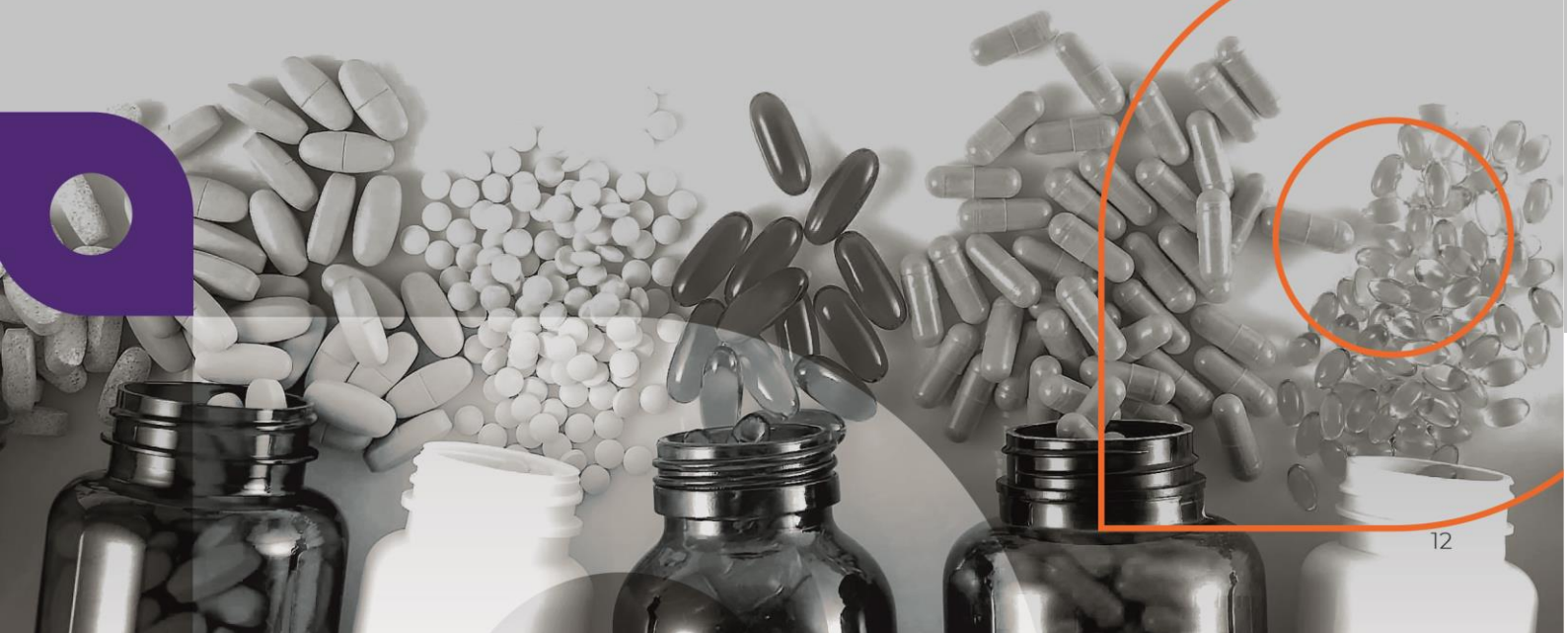
Promomed Group products are available in all Russian regions.
In addition, the Company supplies medicines to Belarus, Uzbekistan, Kazakhstan, Azerbaijan, Tajikistan and Kyrgyzstan.



Biokhimik plant



Key distribution centers



Sustainable Development

Promomed Group structures its sustainability management system on the basis of the best international and domestic practices for implementing ESG principles, taking into account the interests and expectations of the Company's stakeholders.

In **2021**, the Company established a sustainable development working group. Its members are Maxim Bunyakin, Member of the Board of Directors, Maxim Yakushkin, Corporate Governance Director, and Ekaterina Kumanina, Director for Corporate Communications. The Working Group coordinates development of the ESG strategy, establishment of a non-financial data collection system and preparation of the first ESG report.

At the operational level, implementation of sustainability initiatives falls within the scope of **Promomed Group's** respective structural divisions.

In 2022, a Strategy and Sustainability Committee was set up under the Board of Directors. The Committee works to promote business development based on sustainable development principles.

In **2021**, the Company launched diagnostics of **Promomed Group's** sustainability practices. Proceeding from the results, in 2022 the Company will develop a sustainable development policy, formulate and publish a ESG strategy, and establish relevant key performance indicators (KPIs).

Contribution to achieving Russia's national goals

In its sustainability efforts, **Promomed Group** strives to align best practices and its business processes with Russia's national goals up to 2030.

National development goals up to 2030:

- Sustainable natural population growth, public health and well-being
- Opportunities for self-realization and talent development
- A comfortable and safe living environment
- Decent work and successful business
- Digital transformation

The information on **Promomed Group's** contribution to achieving Russia's national goals is presented in the Appendix (**The Contribution to Achieving Russia's National Goals**).

Contribution to achieving the UN SDGs

Promomed Group's sustainable development efforts are aligned with the **UN** Sustainable Development Goals (**UN SDGs**). The Company has singled out four core **SDGs** to which it contributes most, as well as two indirect SDGs where it may assist in achieving material positive changes.

Core UN SDGs:



Indirect UN SDGs:



The information on the Company's contribution to the core and indirect **UN SDGs** is presented in the **Appendix (The Contribution to the UN SDGs)**.

Stakeholder Engagement

Promomed Group maintains an open and ongoing dialogue with all stakeholder groups.



The Company has identified key groups of stakeholders and presented them in tables according to the respective impact of the operations, based on surveys of key executives and their counterparties.

Key stakeholder groups and engagement channels



Patients

Stakeholders' expectations and interests	<ul style="list-style-type: none"> • Quality, efficient and safe medicines • Availability of medicines • Ease of medicine administration • Responsible production and sustainable packaging
Engagement channels	<ul style="list-style-type: none"> • Hotline • Social media • Official website • The Media
Section of the report	<ol style="list-style-type: none"> 1. High Product Standards 2. Contribution to Healthcare Development 3. Caring about the Environment

Professional community

Stakeholders' expectations and interests	<ul style="list-style-type: none"> • Quality, efficient and safe medicines • Implementation of the latest scientific achievements in medicine development
Engagement channels	<ul style="list-style-type: none"> • Scientific events (congresses, conferences, workshops, etc.) • Publications in scientific journals
Section of the report	<ol style="list-style-type: none"> 1. High Product Standards 2. Caring about the Environment

Government

Stakeholders' expectations and interests	<ul style="list-style-type: none"> • Contribution to development of national healthcare and medicine safety • Regulatory compliance • Contribution to social development of the regions where the company operates
Engagement channels	<ul style="list-style-type: none"> • Public events attended by government representatives (roundtables, conferences, forums, etc.) • Working groups
Section of the report	<ol style="list-style-type: none"> 1. Contribution to Healthcare Development 2. Caring about the Environment

Employees

Stakeholders' expectations and interests	<ul style="list-style-type: none"> • Working conditions • Compensation and benefits • Occupational health and safety • Opportunities for professional and career growth
Engagement channels	<ul style="list-style-type: none"> • Hotline • Engagement surveys • Quarterly meetings with management (town halls) • Newsletters • Corporate events
Section of the report	<ol style="list-style-type: none"> 1. Talent Attraction and Development



Investors

Stakeholders' expectations and interests	<ul style="list-style-type: none"> • Economic performance • Risk management
Engagement channels	<ul style="list-style-type: none"> • Financial and non-financial reporting • Official website • Disclosure website https://e-disclosure.ru
Section of the report	<ol style="list-style-type: none"> 1. Corporate Governance and Responsible Business

Partners

Stakeholders' expectations and interests	<ul style="list-style-type: none"> • Transparent procurement • Business ethics and compliance • Economic performance
Engagement channels	<ul style="list-style-type: none"> • Hotline • Official website • Tenders
Section of the report	<ol style="list-style-type: none"> 1. High Product Standards 2. Corporate Governance and Responsible Business

Clients

Stakeholders' expectations and interests	<ul style="list-style-type: none"> • Plans for registration and launch of new medicines • Production site upgrade • Logistics • Marketing strategy
Engagement channels	<ul style="list-style-type: none"> • Hotline • Official website • Customer satisfaction polling
Section of the report	<ol style="list-style-type: none"> 1. High Product Standards

Local communities

Stakeholders' expectations and interests	<ul style="list-style-type: none"> • Socio-economic development of the regions where the company operates • Environmentally responsible production • Employment opportunities
Engagement channels	<ul style="list-style-type: none"> • Social media • Corporate website • Social and charitable events and programmes
Section of the report	<ol style="list-style-type: none"> 1. Corporate Governance and Responsible Business 2. Contribution to Healthcare Development 3. Caring about the Environment

3. CORPORATE GOVERNANCE AND RESPONSIBLE BUSINESS

Corporate Governance

Promomed Group operates according to high standards of corporate governance and takes into account the interests of various stakeholders. The Company's corporate governance framework is based on the requirements of the Russian legislation and corporate governance best practices.

In the reporting period, **Promomed Group's** corporate governance system underwent several changes. In July 2021, **Promomed JSC**, the holding company of **Promomed Group**, was established and a Board of Directors was elected⁶.

The corporate governance principles and procedures, the structure and mechanism for setting up governance and control bodies have been identified in the Articles of Association of Promomed JSC, policies and other documents approved by Promomed JSC management bodies.

Corporate governance structure of Promomed JSC

General Shareholders Meeting

Board of Directors

General Director

⁶ Before July 2021, Promomed Group was not governed by a board of directors, as the companies of the group were managed separately by their own boards of directors.

General Shareholders Meeting

The General Shareholders Meeting of **Promomed JSC** is the Company's supreme governance body. The powers of the General Shareholders Meeting are determined in the **Promomed JSC** Articles of Association. These powers include approving and amending the Articles of Association, appointing the Board of Directors and approving the Company auditor.

The controlling shareholder of **Promomed JSC** is Petr Alexandrovich Bely.

Board of Directors

The Board of Directors performs strategic management of **Promomed JSC**, including risk management, internal controls and strategic management.

Promomed JSC works to ensure compliance with the rights and legitimate interests of the shareholders and carries out other functions falling directly within the competence of the Board as per the Articles of Association.

Matters pertaining to the authority of the General Shareholders Meeting may not be addressed by the Board of Directors or executive bodies of the Company unless otherwise stipulated in the Federal Law on "Joint-Stock Companies".

The authority of the Board of Directors also includes strategic management of the Group companies and:

- appointment of the Company's General Director;
- determination of priority areas of the Company's operations and development strategy;
- approval of the consolidated budget of **Promomed JSC** and the subsidiaries, including the investment plan;
- approval of **Promomed JSC** internal documents, as well as the annual report and annual financial statements.

Decisions of the Promomed JSC Board of Directors are governed by the Company's Articles of Association.

The Board of Directors of **Promomed JSC**

Member of the Board ⁷	Role on the Board	Other currently held positions
Petr Alexandrovich Bely	Chairman of the Board of Directors	<ul style="list-style-type: none"> • Chairman of the Board of Directors of Promomed DM LLC • Executive Director of Promomed Rus LLC
Marina Vladimirovna Penkova	Member of the Board of Directors	<ul style="list-style-type: none"> • Member of the Board of Directors of Promomed DM LLC • Deputy Executive Director of Promomed Rus LLC
Georgiy Levanovich Abdushelishvili	Member of the Board	<ul style="list-style-type: none"> • Managing Partner, Chairman of the Board of Directors of Ward Howell, Russia and CIS, • Director for Business Development of Ward Howell, LLC • Member of the AESC Council of Europe and Africa • Member of the Board of the St. Petersburg State University Alumni Association • General Director of Leadership Vector JSC • Member of the Board of Directors, Independent Director, Chairman of the Committee for Personnel and Remuneration, member of the Sustainability Committee of PAO UNIPRO Board of Directors • Member of the Board of Trustees of the European University at St. Petersburg (EUSP) • Member of the Strategy and Remuneration Committee of Rosnano JSC Board of Directors
Maxim Nikolayevich Buniyakin	Member of the Board	<ul style="list-style-type: none"> • Member of the Sustainability Committee of the Independent Sustainability Director Association • Managing Partner of Branan Legal LLC • Member of the Russian Ecological Society
Kirill Yuryevich Rubinsky	Member of the Board	—

⁷ At the end of the reporting period; the information on the previous composition of the Board of Directors is not disclosed owing to the non-public legal status of Promomed JSC.

General Director

The General Director is the sole executive body of **Promomed JSC** and manages the current operations of the Company. The General Director is appointed by the Board of Directors for a maximum of five years as determined by the Board. The General Director may be re-elected for an indefinite number of terms.

In 2021, the General Director of **Promomed JSC** was Marina Vladimirovna Penkova.



Risk Management

Risk management is an integral part of all business processes within the Company and is performed on an ongoing, systematic basis. The risk management system is set forth in the Risk Management Policy of **Promomed Group** and meets the Russian legislative requirements, as well as the best practices in this field.

Risk management structure

The Board of Directors of **Promomed JSC** carries out the general supervision of the risk management system, including decision-making and provision of recommendations based on a review of the risk reports.

The General Director organizes the efficient risk management system, approves the Company's risk map and register, the lists of risk management measures and owners, and appoints a risk management system coordinator.

Heads of business units work to develop and implement risk management measures within their competence in a timely manner.

The coordinator of the risk management system coordinates business unit operations relating to risk identification and assessment, as well as development of risk management measures.

All employees of **Promomed Group** are responsible for identifying and implementing approved risk management measures.

Risk management process

The risk management process in **Promomed Group** consists of risk identification and assessment, as well as development and implementation of risk management measures, risk monitoring and reporting. Risk reporting includes preparation of the risk map, risk register and the list of risk owners.

The Company plans to develop and implement a separate process for sustainability risk identification and management.



Business Ethics and Compliance

Promomed Group always follows good business practices since it realizes its responsibility to the state and society, and has a policy of zero tolerance of any form of corruption, this being a key principle of its operations. The Company operates in strict compliance with the applicable legislation and internal rules. Our approach to business ethics and compliance is set out in the following corporate documents:

- Code of Corporate Ethics of **Promomed DM LLC**
- Regulations on the Compliance Committee of the **Promomed DM LLC** Board of Directors
- **Promomed DM LLC** Policy for Communication with Healthcare Officials and Organizations
- **Promomed DM LLC** Policy for Communication with Non-Healthcare Officials and Organizations⁸

The Company's Board of Directors has a **Promomed DM LLC** Compliance Committee. The Compliance Committee manages compliance risks at the strategic level of **Promomed Group** and reports to the Board of Directors on a regular basis regarding identified corruption-related violations and taken measures. Using the results of the report review, the Company plans any requisite measures for improving compliance procedures.

Each employee must read the local regulatory documents governing the Company's business ethics practices, anti-corruption rules and procedures, and receive a booklet containing the key provisions of the relevant documents.

The Company regularly holds training sessions for employees to raise their awareness of good business practices. When new compliance documents are approved, the Corporate Security Directorate organizes additional training to explain the changes. In **2021**, at least **50%** of managers and over **90%** of employees received training in the current anti-corruption policies and procedures used by the Company.

Promomed Group expects its counterparties to comply with high ethical standards. The standard agreement offered by the Company always contains an anti-corruption clause.

In the reporting year, the Company identified four incidents of corruption resulting in dismissal of five employees and termination of one agreement with a service provider. No litigations related to violation of anti-corruption legislation were initiated.

Promomed Group operates a 24/7 Compliance Hotline for reporting identified or potential breaches of corporate ethics, violations and other wrongdoings. The Company guarantees confidentiality of the filings and ensures that employees filing such reports face no negative consequences. All reports are recorded in the secretary's office and are subject to internal investigation.

⁸ The principles in these documents apply to the entire Promomed Group.

Sustainable Supply Chain

Promomed Group chooses counterparties responsibly, giving priority to reliable partners and vendors in order to ensure continuity of operations and compliance with product quality standards.

Promomed Group manages the supply chain at the level of **Promomed DM LLC**. The key regulations governing procurement and vendor relations are as follows:

- **Promomed DM LLC Code** of Corporate Ethics;
- **Promomed DM LLC Procurement procedures**;
- **Promomed DM LLC Policy** for Organization of Procurement.

The Company has established a **Tender Committee under the Board of Directors** to organise the procurement process in **Promomed Group**.

At the level of **Promomed DM LLC**, raw material and other supplies are supervised by the Deputy General Director, who also heads the Procurement Department of **Biokhimik JSC**. The Procurement Department analyses the plant's needs for raw material and other supplies, identifies and selects suppliers. The plant's non-direct procurements are managed by the Bureau for Accessories of **Biokhimik JSC**.

The procurement planning system runs on **1C ERP**⁹ software implemented in 2021.

Promomed Group is currently developing a category-based procurement system. All the Company's procurement activities are categorized as follows:

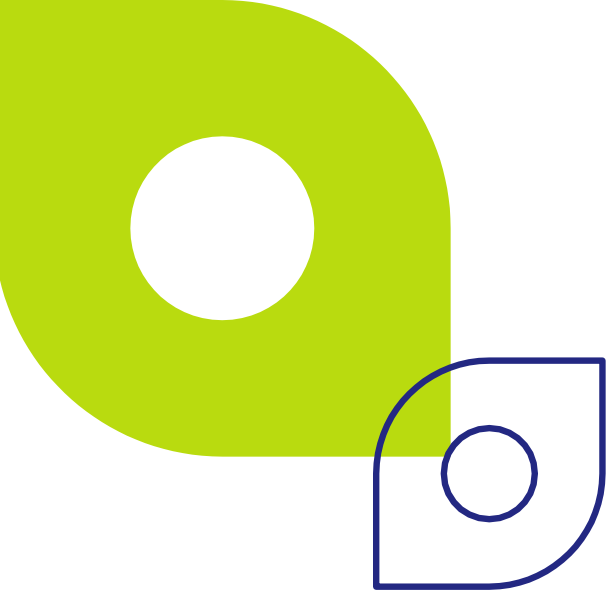
- **direct procurements of production materials** consisting of active pharmaceutical ingredients (API), auxiliary substances and packaging materials required for producing medicines, reactive agents and reagents for controlling product quality, and personal protective equipment;
- **indirect procurements** including for general business needs, repair services, as well as equipment and spare part purchases.

In **2021**, **Promomed Group** collaborated with approximately 250 vendors of raw material and other supplies.

The key principle applied in vendor and contractor selection is to ensure fair competition.

The majority of procurements are made on electronic tender floors enabling openness and transparency of the purchase process.

The key vendor selection criteria are: price, delivery term, market experience of the potential supplier and experience of collaboration with **Promomed Group** (if any), as well as the extent of compliance with the terms of reference.



As per the **GMP requirements**, the Quality Control Division of **Biokhimik JSC** assesses vendor compliance with quality criteria. Specifically, the Company performs field and online audits of potential counterparties according to the following key assessment criteria:

- **compliance with regulatory requirements** (availability of licenses and GMP, GDP¹⁰, CMK¹¹ certificates);
- **compliance by raw material and other supply quality** with the regulatory requirements;
- **non-compliance** (hidden defects) identified during the production process;
- **compliance with delivery terms** preventing changes in quality;
- **the level of supplier risk.**

In 2021, the Company performed 67 supplier audits and assigned the following statuses to suppliers:

- approved (62 suppliers);
- accepted (3 suppliers);
- declined (2 suppliers).
-

The Company works exclusively with approved and accepted suppliers, the latter being supervised as per a special procedure. Resumption of collaboration with declined vendors is possible only after a repeat audit on the condition that the vendor addresses the issues and complies fully with the Company's directions.

The Company's suppliers include both Russian and foreign-based counterparties (in Europe and Asia). Domestic suppliers of goods and services account for the majority of procurements in monetary terms. In 2021, 79.8% of procurements were delivered by Russia-based partners.

Given the Company's robust efforts in developing and marketing new medicines, it experiences a growing need for supplies of active pharmaceutical ingredients (API). The Company aims to reduce dependence on external suppliers of API and to localize the full cycle of medicine production.

The Company is improving management processes for the supply chain, including use of the best international practices. Currently, the **S&OP¹² process** is being implemented to link all planning and forecasting processes within a single chain, thus making them more efficient.

¹⁰GDP — Good Distribution Practice

¹¹QMS — Quality Management System

¹²S&OP — Sales and Operations Planning

Social Initiatives and Charitable Activities

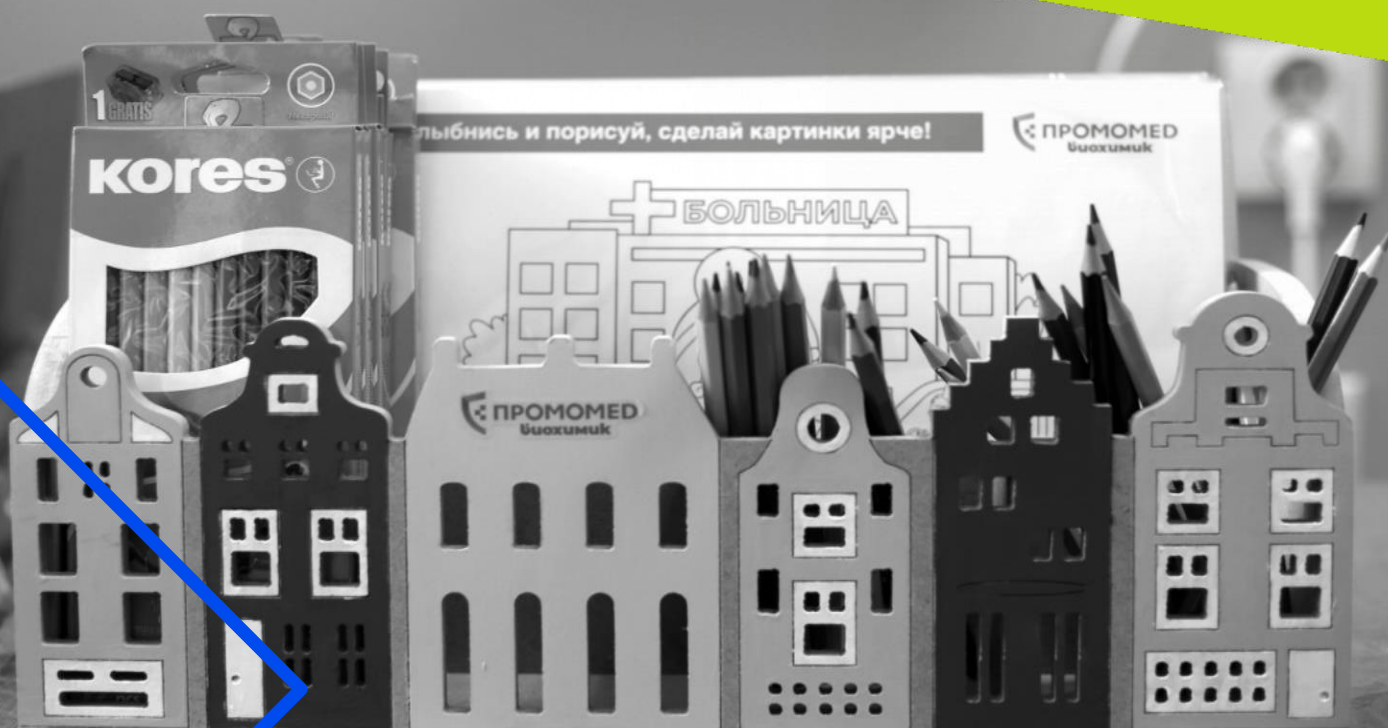
Promomed Group focuses on corporate and social responsibility. The Company participates in social projects and charitable initiatives supporting healthcare workers and patients, and provides aid to local communities in the regions where it operates.

The Company is presently developing a Policy on Charitable Activities to determine the key principles, areas and implementation procedures for charitable activities. In addition, when deciding on priority areas, the Company will take into account the results of the employee poll held in late **2021** after summing up the results of the **Week of Good Deeds**.

Matters relating to implementation of social and charitable projects are supervised by the Corporate Communications Director.



In total, in **2021** **Promomed Group** allocated approximately RUB 500 million for charitable activities and social projects.



Area:

Support for healthcare workers

Projects and initiatives:

- From the start of the **COVID-19** pandemic, the Company launched an “**Areplivir for Doctors**” campaign. As part of this campaign, the Company distributed anti-COVID medicines to healthcare workers operating in ‘red zones.’
- Please refer to the **Contribution to Healthcare Development**” section.
- The Company supports educational events for doctors and acts as a partner of educational arrangements, workshops, conferences and congresses. For example, in **2021, Promomed Group** provided support for over **100** events, including the National Congress of endocrinologists with international participation in “**Innovative Technology in Endocrinology**”, the XVI National Congress of General Practitioners and the Annual All-Russia Pokrovsky Congress for Infectious Diseases.

Area:

Support for patients

Projects and initiatives:

- **Promomed Group** is a long-time partner of the **Slim Russia** National Civic Movement. As part of the collaboration, a set of informational and educational events are held overcoming excess weight, i.e., a condition that is among the causes of cardiovascular, oncological and other dangerous diseases.

In **2021**, the Company held over **20** events jointly with the organization, among them the All-Russia Health Marathon and a press conference dedicated to Global Anti-Obesity Day:

Obesity is a challenge for the individual and for mankind.

Area:

Support for healthcare workers

Projects and initiatives:

- The **Biokhimik** plant provides annual support to orphanages and boarding schools in the Republic of Mordovia, supplying them with necessary items, such as renovation materials, household appliances and tablets for educating children. In **2021**, the Company provided aid to the Insar boarding school, **Solnyshko** social rehabilitation centre and Povodimovo orphanage.
- Employees of the plant regularly help children undergoing treatment at the local clinic and provide them with subscriptions for audio books and creativity sets.
- It has become a tradition for the **Biokhimik** plant to hold regular blood donation campaigns at its production site, with assistance from Mordovia Blood Transfusion Station. In **2021**, over **100** employees donated blood.
- **Promomed Group** focuses on support for secondary and higher educational institutions. Please see the **Contribution to Healthcare Development** section for more detail on the Company's efforts in this area.

The week of Good Deeds

In November 2021, **Promomed Group** announced a **Week of Good Deeds** to celebrate the Company's anniversary. During the event, which took place in two cities, Moscow and Saransk, employees were given an opportunity to participate in social projects and charitable initiatives for supporting senior people, those with disabilities and stray pets, and separate waste collection.

As part of the **Week of Good Deeds**, Company employees supported the following charitable projects:

Campaign for homeless animals

At this event, the employees collected food and accessories for pets held in refuges, and sent donations to the **RAY** Homeless Animal Foundation. In addition, a lecture was delivered by the Foundation's representatives describing various ways to help homeless animals, and all those willing could enroll to visit a pet shelter or become a volunteer.

Campaign to support people with disabilities

Company employees provided aid to the **Naive? Very Much** project, which supports creative self-fulfillment for special needs individuals, helps them to study, gain a professional education and earn money independently. As part of the effort, a charitable fair was held where products made by the project participants were sold.



The money collected was transferred to the **Naive? Very Much** project.

Campaign to assist senior people

With the assistance of the **Old Age is Fun** foundation and employees of **Biokhimik**, the Company sent non-prescription medicines to six specialized institutions for senior people and people with disabilities in different parts of Russia.

In addition, the **Week of Good Deeds** campaign saw launch of the separate waste collection at the Company. During the event, the organizers installed special boxes in the office of the **Promomed Group** and on **Biokhimik** premises to collect different types of waste and send them for recycling.

The Company's employees were offered an opportunity to join the Homo Ambulans project implemented by the charitable foundation of the National Health League and supported by the Russian Ministry of Sports. The project includes daily step count competitions for teams using mobile applications. The key goal is to motivate people to increase their daily physical activity and popularize a healthy lifestyle.

4. High Product Standards

Our Approach and Progress in 2021

Promomed Group, a leader in the Russian pharmaceutical industry, specializes in development, production and promotion of medicines used to treat endocrinological, oncological, neurological, infectious and other diseases. The Company develops breakthrough solutions in healthcare based on the needs of the medical community and patients.

Promomed Group's priority task is to supply quality, safe and effective medicines, using strict and multi-stage quality control at all phases of the product life cycle.

200

of medicines in the Company's portfolio

107

medicines at various stages of development and registration

865

RUB m – investments in medicine development funds

80

employees involved in R&D

1 INSPECTION OF THE PLANT

of **Biokhimik** performed by the Ministry of Trade and Industry of the Russian Federation to check compliance with the EEU GMP

31

scheduled and unscheduled audits of the **Biokhimik** plant

2021 in Figures

100%

of products included in the labelling system

2021 Highlights

1

In June 2021, **Biokhimik** became one of the first Russian pharmaceutical companies to receive a **GMP EEU** certificate

2

Promomed Group registered its first anti-HIV medicine – **Ritonavir**

3

The Company started to develop a portfolio of anti-cancer medicines and launched **Capecitabin-Promomed**

4

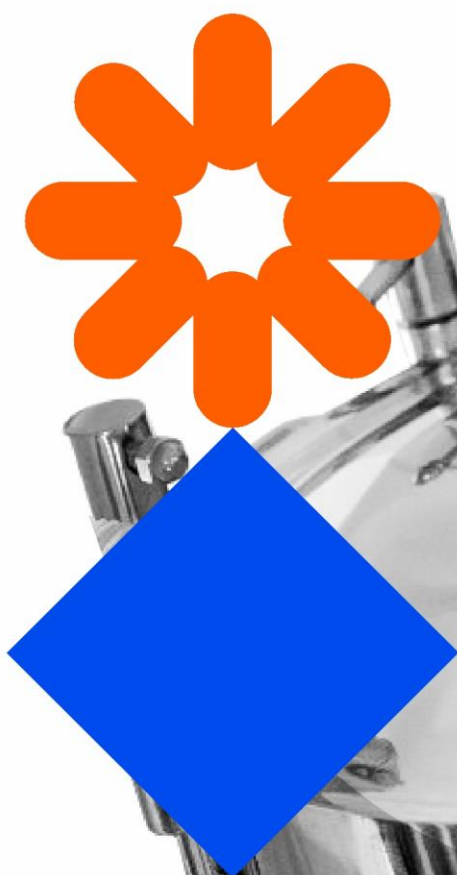
The Company's portfolio included more medicines to treat other diseases, e.g. **Cefixime** and **Kombalgin Ice** (an ibuprofen and levomenthol-based gel for relieving muscle and joint pain)

5

Two medicines DEVELOPED BY THE Company, **Areplivir** and **Reduxin Forte** won the international **2021 Innovative Product Award**

6

Areplivir took first place as the **Best Launch of a Prescription Medicine in the Retail Segment in 2021** at the IQVIA RX Awards ceremony



Innovative Product Research and Development

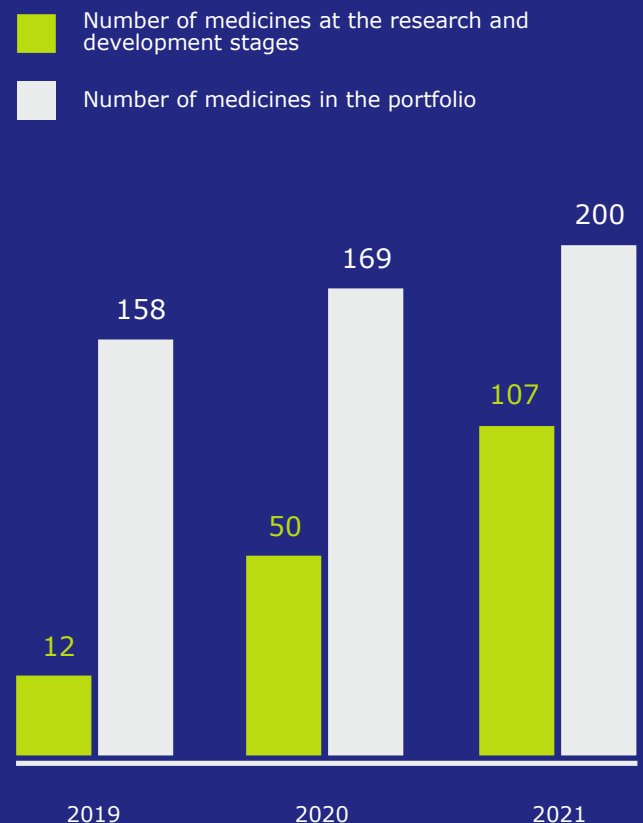
Based on advanced scientific achievements, **Promomed Group** develops innovative medicines to save patients and significantly increase their quality of life.

Promomed Group conducts research and develops innovative products in accordance with its portfolio strategy, as well as quantitative plans for registration and launch of new medicines. On the basis of this strategy, development of medicines for treating endocrinological, oncological and neurological diseases and HIV, as well as infections (antibiotics and antiviral medicines) remains the key area of the Company's operations until 2025.

Promomed Group holds regular meetings of strategy committees for decision-making on development of a medicine. The Leaders of the Development Directorate and members of the Company's top management attend the Strategy Committee meetings. The **R&D** processes are managed by the Director for New Products.

The work of strategy committees includes assessing the effectiveness of innovative product R&D and controls collaboration with R&D institutions and laboratories. In the event of discrepancies with the approved work plan, the Company takes corrective action by, for instance, entering into additional agreements with partner organizations.

Number of medicines in the portfolio at the research and development stage 2019–2021



At the end of 2021, the Company's portfolio consisted of **200** medicines including six **original medicines** and medicines with an original manufacturing process.

The increase in the product portfolio compared to **2020** (196 medicines) was due to growing investment in **R&D** in absolute terms. During the reporting period, R&D expenditures accounted for 5.1% of **Promomed Group's** revenues (7% in 2020). The reduction in the share of R&D costs was due to rising Areplivir sales in 2021 on the back of the **COVID-19** pandemic. The share of R&D in the Company's revenue, excluding Areplivir, was **14.7%**, which is **4.1 p.p.** higher than in **2020**.

Promomed Group original medicines and medicines with an original manufacturing process.

- ◆ **Reduxin Forte** — obesity treatment with a central mode of action
- ◆ **Ambene Bio** — developed to treat diseases of the joints and improve their functions
- ◆ **Areplivir (tablets)** is an antiviral medicine used to treat COVID-19
- ◆ **Areplivir** (lyophilizate)
- ◆ **Areplivir** (powder for concentrate)
- ◆ **Areplivir** (concentrate for intravenous injection solution)



In 2021, the following medicines were registered:

Capecitabin-Promomed: the first medicine in the Company's portfolio used for treating stomach, colorectal and breast cancer.

Ritonavir: the first medicine in the Promomed Group portfolio for treating HIV and hepatitis C.

Areplivir (injectable dosage form): the first Russian-made injectable anti-COVID-19 medicine.

Cefixime: a broad range antibiotic produced in capsule form.

Kombalgin Ice: a combination ibuprofen and levomenthol-based gel for relieving muscle and joint pain.

Enoxaparin Sodium: an injectable anticoagulant used for preventive treatment of thrombosis and thromboembolism.

Modelax-N: a modern combination laxative consisting of sodium lauryl sulfoacetate, sodium citrate and sorbitol, for babies and seniors.

Rocuronium bromide: a modern muscle relaxant for endotracheal intubation and artificial lung ventilation.

Teicoplanin, Doripenem, as well as a combination of Ampicillin and Sulbactam: antibacterial medicines for clinical use.



The Company operates its own **R&D Centre** for developing innovative medicines and advanced substances, performing technological, economic and legal analysis, registering intellectual property and launching medicine production. In 2022, the Company plans to transform the **R&D Centre** into an **R&D Hub** equipped with a pre-filled syringe and cartridge production line for highly active medicines, chromatographs with unique detection systems, purification and analysis of active pharmaceutical ingredients, biotechnological systems for cell culture and fermentation processes, etc.

New medicine development stages: from molecule to production

1

Identification of a promising molecule for medicine development and testing of the cell and tissue culture to confirm the molecule's effectiveness

2

Pre-clinic potential medicine **testing** on animals to confirm the medicine's safety

3

Patenting of new medicines to protect them against illegal copying

4

Preparation of the protocol with the details of the clinical trials approved by the government regulator (the Russian Health Ministry)

5

Clinical trials to assess the effectiveness of medicines, identify adverse medicine side effects and assess application risks

6

Medicine registration

7

Large-scale production

One of Promomed Group's priority research areas is development of original medicines for treating endocrinological, oncological and neurological diseases and HIV, as well as infections.



When working with generic and biosimilar medicines, the Company focuses on those with improved properties.

The Company pays special attention to medicine safety, where there is significant potential for improvement. For example, the Company is developing higher tolerance chemotherapy medicines, enabling oncologists to ensure a higher concentration of the active ingredient in the diseased tissue. As a result, the necessary conditions are provided for treating a bigger number of patients or increasing the survival rate.

In addition to enhancing the safety profile, **Promomed Group** produces generic and biosimilar medicines that are easier to administer.

This reduces the risk of therapy termination or of breaching the medicine administration schedule.

In recent years, biotechnology has become an important area of strategic development for the Company. It has expanded the scope of research beyond chemosynthesis and started to develop biotechnology medicines.

In 2022, the Company planned to register Radamin Viro, the first RNA-based biotech medicine in its portfolio, which has an anti-inflammatory, immunostimulatory and antiviral effect.

Clinical research transparency

Promomed Group complies strictly with the Russian legislation and **GCP**¹³ rules when performing clinical trials of both new medicines and ones currently in use in order to increase clinical use. The Company applies a transparency policy to research results and makes them publicly available in the international registry of clinical research. **Promomed Group** believes it is critical to make this information available to a broad range of researchers and representatives of the medical community.



¹³GCP — Good Distribution Practice.

Product Quality, Efficacy and Safety

Promomed Group's priority is to provide patients with medicines meeting the current quality, efficacy and safety requirements.

The Company complies strictly with the requirements of international standards at all stages of the product life cycle and is constantly improving the quality management system used in production development, production, storage and sale of medicines by improving innovative technologies.

The Company's operations in this field are regulated by **Biokhimik JSC's** Quality Management Policy, Quality Guidelines, standard operating procedures and other documents related to quality management.

Biokhimik has a **license to produce medicines**.

The quality management system has been certified for compliance with the requirements of **GOST R ISO 9001 (ISO 9001:2015)**. In 2018, the Company received a resolution of Russia's Industry and Trade Ministry on compliance by **Biokhimik** with the GMP rules of the Russian Federation. In 2021, the production site was **certified** for compliance with **EEU GMP**.

EEU GMP

EEU GMP is a code of rules for good production practices in the Eurasian Economic Union (EEU). **The GMP certificate** is recognized by the EEU member states and allows the Company to register and sell medicines on the markets of Russia, Armenia, Belarus, Kazakhstan and Kyrgyzstan.

Biokhimik is one of the first Russian pharmaceutical production sites to be **GMP** certified. This became possible following the plant's upgrade, which was launched after the Group purchased it in 2015 and the Company's endeavors to implement good management practices and the most advanced examples of the medicine quality and safety in the pharmaceutical industry.

The quality and safety of medicines produced by **Promomed Group** is supervised by the quality control and quality assurance divisions of the **Biokhimik** plant.

The quality assurance division implements, develops and supports the pharmaceutical quality system. It controls compliance by the production units with the **GMP** standards, performs internal quality audits, remote and field audits of service providers, and supervises quality risk management.

The quality control division organizes incoming inspection of raw and auxiliary materials, monitors the production environment, controls the quality and stability of finished products. It develops and implements procedures for quality control, storage of control samples of original raw materials, packaging and products. The division works to completely exclude non-compliant material or product use.

The pharmaceutical quality system of **Promomed Group** is constantly being upgraded. In 2022, the Company plans to digitalize this system. An electronic document management system will be implemented at the **Biokhimik** plant, and employees will be trained in electronic format. The objective of the project is to ensure data integrity and traceability.

Ensuring quality at the medicine production and distribution stage

Biokhimik has developed a pharmaceutical quality system governing all stages of the product life cycle, including development, production, laboratory testing, storage and sale of medicines.

The principles applied by the Company to ensure quality include continuous implementation of improvements based on the latest know-how of products and processes, use of appropriate packaging and input materials, monitoring of product effectiveness and safety, efficient use of each employee's potential, enhancement of employee competence through ongoing training, etc.

Risk-based approach

A risk-based approach is used at all stages of the medicine's life cycle. Depending on the risk, various risk assessment methods are used:

- **Preliminary Hazard Analysis (PHA)** is applied to pharmaceutical development, design and complaint/feedback processing
- **Failure Modes and Effects Analysis (FMEA)** is used to manage medicine production risks, functioning and servicing of engineering systems or performance of logistics operations
- **Risk Ranking and Filtering (RRF)** is used to assess the regularity of external and internal audits
- **Risk analysis and mitigation** is applied to determine control criteria for quality indicators

When manufacturing medicines, the Company exercises strict control over **full compliance with the quality requirements** listed in the registration file.

All potential suppliers of raw and packaging materials undergo a preliminary review, as well as a face-to-face or online audit. In **2021**, the Company held **61 remote** and **six field audits** of producers and vendors of input raw materials and services. On the basis of the audits, the Company annually updates the list of suppliers approved for collaboration.

Special **requirements are set for** logistics service providers' vehicles in order to ensure the required temperature is maintained during transportation. The quality assurance division performs field audits to check that vehicles comply with the quality control system. Failure to do so is a reason for terminating the contract.

The Company has determined criteria to be met at each production stage by semi-finished or finished products. Input raw materials, semi-finished and finished products are monitored during the production stage, when the medicine should meet the specified list of quality metrics.

Transition to the next production stage is possible only after positive interim quality control results are obtained.

The quality control division consists of an incoming inspection group, microbiology laboratory, pharmacological laboratory and a chemical analysis laboratory. Input raw materials are tested by the incoming inspection group, chromatographic analysis group, microbiology laboratory and pharmacological laboratory. The quality of semi-finished, non-packaged and finished products is controlled by the chemical analysis laboratory, chromatographic analysis group, pharmacological laboratory and microbiology laboratory.

As per the **GDP** requirements, **Promomed Group** appoints persons authorized to issue conclusions on compliance by a finished product series with the license requirements, **GMP** and the registration file of the medicine prior to sales launch. Sale of products without a relevant permit is prohibited. In **2021**, the Company's authorized persons were certified in accordance with the **EEU** requirements.



Product labelling

Promomed Group labels 100% of its products as per the Russian legislation. Each package bears a **DataMatrix** code, which can be checked in the Chestny ZNAK national track and trace system. This protects patients against counterfeit medicines.

The Company focuses on preventing counterfeit medicine sales on the market and develops proprietary solutions for this purpose. In 2021, at a conference on "State Regulation of Medicine and Medicinal Product Sales", the Company presented a digital solution for product traceability management.

This solution consists of a full digitalization cycle of controlled product group movement from communication with the issue registrar to data submission to government information systems.

Promomed Group is responsible for medicine quality until its expiry date. After selling its product, the Company continues to monitor the storage, transport and application aspects, including by providing advisory support for distributors and pharmaceutical chains, and responding to consumer queries.

The Company monitors publications on the website of the Federal Supervisory Service for Healthcare (Roszdravnadzor), which performs sample medicine checks and publishes information on breaches that must be addressed (i.e., in the event of transport damage). In such cases, the Company recalls and recycles the medicines.

The Company analyses customer satisfaction and gathers information on medicine use risks on an ongoing basis. The Company has a technical group for processing complaints in order to obtain, register and investigate incoming enquiries regarding the quality of products, and notifies persons in charge.

Pharmacological oversight

Patients may report adverse side effects of using **Promomed Group** medicines along the following channels:

- e-mail: info@medicinesafety.ru;
- special contact form: www.medicinesafety.ru;
- 24/7 toll-free phone: 8-800-777-8-604

Plans for 2022

Promomed Group's plans for **2022** are to:

- **further develop the portfolio of medicines used to treat oncological diseases:** register new medicines for treating oncological diseases: Abiraterone-Promomed, Sorafenib-Promomed, Docetaxel-Promomed, Pazopanib-Promomed, Sunitinib-Promomed, Irinotecan-Promomed, Methotrexat-Promomed), Everolimus-Promomed, Oxaliplatin-Promomed;
- **expand** the portfolio of medicines used to treat HIV: Phosphazide, Rolnavor, Efavirenz, Etravirine;
- **continue development** of the antiviral and antibacterial medicine portfolio;
- **launch a project for digitalization** of the pharmaceutical quality system. The first stage will focus on transition to an electronic document management system and implementation of an online employee training platform.

By 2025, the Company plans to develop at least ten original medicines that are currently undergoing advanced clinical trials.

5. Contribution to Healthcare Development

Our Approach and Progress in 2021

Promomed Group strives to make a significant contribution to development of the Russian pharmaceutical industry and the strengthening of the national healthcare system. The Company develops innovative medicines to save people and significantly improve their quality of life, and works to make medicines more easily available in healthcare institutions and pharmacies. **Promomed Group** provides support for scientific and educational activities in the medicine and pharmaceutical industry.

In addition, since the outbreak of **COVID-19**, the Company has developed a number of innovative medicines for treating the disease, including original medicines, and has launched a charitable programme for supporting medical staff working in 'red zones'.

The Company follows a Policy for Engaging with Healthcare Officials and Organizations. This Policy also applies the general rules for communication with the scientific community to organize specialized conferences, roundtables and other events. The Company has entered into agreements determining the key areas of cooperation with educational institutions and R&D centres, in particular, with Moscow State University, Ogarev Mordovia State University, Nesmeyanov Institute of Organoelement Compounds, Smorodintsev Influenza Research Institute and a number of other organizations. The Director for New Products supervises support for external scientific and educational activities, as well as communication with the medical community.



Promomed Group approved a plan for supporting scientific research events and conferences, as well as educational institutions. Regular monitoring of the plans is carried out by managers of the relevant decisions, including the Director for New Products, the HR and Development Director and the Marketing Director.

In order to ensure medicine availability, **Promomed Group** is expanding production and increasing labor productivity in accordance with the plans outlined in the Production Site Development Programme and the Operational Survey of Biokhimik Pharmaceutical Quality System.

In order to assess the efficiency of operations in this area, the Company has approved key efficiency indicators, including the level of production losses (technology output must be at least **97–98.5%** for different product categories), the percentage of defects (**not more than 0.4%**) and other metrics. **Biokhimik JSC's** management implements projects for commissioning new capacities, improves production processes, monitors KPIs and, when necessary, addresses issues.

The Sales Directorate works to increase medicine availability in the regions. In order to assess regional availability of medicines, **Promomed Group** has established key performance indicators for inventory management efficiency in each region where the Company operates. In addition to weekly control at the operating level, the Company assesses the KPI status and progress on a quarterly basis. The assessment results are used to plan further operations in this area.

2021 in Figures

85

Russian regions where medicines produced by Promomed Group are available

4,425

clinics and in-patient institutions where the Company's products are used

Over 67,000

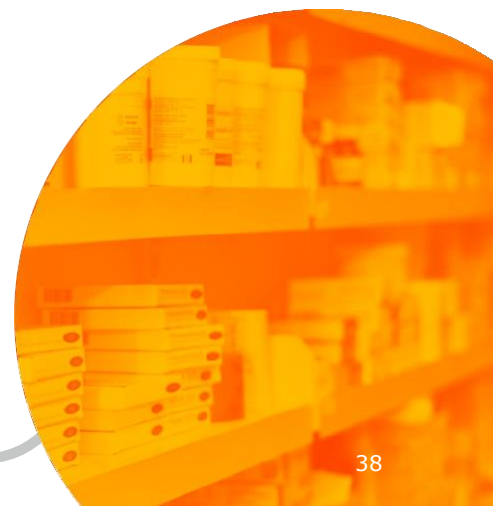
pharmacies where the Company's products are available

7,920

medical applied research events supported by Promomed Group

32,512

medicine packages provided by the Company to clinics free of charge, including 30,188 packages of medicines for treating COVID-19



2021 Highlights

1

Promomed Group provided support for launching **two laboratories** at the Physics and Chemistry Institute of Ogarev Mordovia State University: a training and production laboratory for chemical and pharmaceutical technologies, as well as a training and scientific laboratory for active pharmaceutical substance synthesis.

2

The Company supported **applications for grants** from the National Medical Endocrinology Research Centre of the Russian Health Ministry and Sirius University.

3

The Company sponsored **scientific congresses**, including the National Endocrinologist Congress, the National Therapist Congress, the All-Russia Congress for Infectious Diseases, and the Manage Pain International Interdisciplinary Congress.

4

Conditions for **increasing tablet production** were created at Biokhimik's plant on a newly modernized line for manufacturing solid dosage forms.

5

Promomed Group has launched production of Areplivir, **an injectable** antiviral medicine increasing the effectiveness of COVID-19 inpatient treatment.

6

The Company has broadened **its support for healthcare workers** helping COVID-19 patients by providing free Areplivir to healthcare institutions operating in the regions with the most serious epidemiological situation.



Support for Research and Educational Projects



Support for domestic fundamental science and education in biotechnology and pharmacy is an operational priority for **Promomed Group**. The Company provides support for R&D, popularizes science and launches joint projects with major Russian universities.

Support for science

Promomed Group collaborates with leading Russian scientific research centres, such as the Nesmeyanov Institute of Organoelement Compounds of the Russian Academy of Sciences, the Smorodintsev Influenza Research Institute, Ogarev Mordovia State University, Mendeleev University of Chemical Technology of Russia, the Skolkovo Institute of Science and Technology, etc. For example, Areplivir, a medicine for treating COVID-19, was developed by the specialists from **Promomed Group**'s R&D Centre in collaboration with a Consortium of Academic Associations for **COVID-19** Studies of the Russian Academy of Sciences¹⁴.

In **2021**, the Company continued to expand its collaboration with scientific research institutions. **Promomed Group** partnered with Sirius University and the National Medical Endocrinology Research Centre of the Russian Health Ministry to participate in a number of fundamental research projects. Jointly with specialists from the Nesmeyanov Institute of Organoelement Compounds of the Russian Academy of Sciences, the Company submitted several applications for patent registration.

In addition, as part of the collaboration with Ogarev Mordovia State University, the Company completed clinical trials of anti-COVID-19 medicines, resulting in registration of Areplivir in lyophilized, powder and concentrate forms.

The Company sponsors scientific events bringing together representatives of the medical community, research institutes and the pharmaceutical industry.

In **2021**, the Company took part in a number of major congresses, such as:

- National Congress of Endocrinologists;
- National Congress of General Practitioners;
- the Annual Pokrovsky All-Russia Infectious Disease Congress;
- International Interdisciplinary Congress **Manage Pain**.

In addition, **Promomed Group** holds events to popularize sciences. In **2021**, the Company launched a series of lectures for employees and all those interested in pharmaceutical science. The lectures were delivered by scientists from Mendeleev University of Chemical Technology of Russia, Moscow State University, St. Petersburg State Chemical and Pharmaceutical University of the Russian Healthcare Ministry, and other leading research centres.

¹⁴ Please see the Fight against COVID-19 section for more detail on development of anti-coronavirus medicines.

Support for education

For many years, **Promomed Group** has collaborated closely with educational institutions training specialists in medicine, pharmacy and biotechnology.

The Company is a strategic partner of Ogarev Mordovia State University. In 2018, the Department of Chemistry and Technology of Physiologically Active Substances was established at the University on the initiative of **Promomed Group**.

The Department offers bachelor's degree programmes for students, as well as additional training for senior students. In **2021**, the number of students enrolled was at a record high: **23**, including **13** specialists for retraining and **10** first-time students.

Today, **Promomed Group** and Ogarev Mordovia State University collaborate in a number of fields, including:

- **establishing scholarships** for the most successful individual students and offering grants to teaching staff;
- **improving the university infrastructure**, creating lecture halls on the university premises, installing new equipment in laboratories and computer classes, developing training facilities;
- **delivering lectures** on vocational subjects and master classes in which company representatives take part;
- **developing and implementing** technology for resolving production issues in the pharmaceutical industry.

In **2021**, the Company assisted in launching a training and production laboratory for chemical and pharmaceutical technologies, as well as a training and scientific laboratory for active pharmaceutical substance synthesis.

These laboratories are equipped with the latest technology, enabling students to carry out research into developing technology for creating pharmaceutical substances and finished dosage forms. The initiative to open the laboratories was part of the **Science** National Project being implemented in the Republic of Mordovia.

The Company plans to launch a Master's degree programme at the Department of **Chemistry and Technology of Physiologically Active Substances** for the most motivated students in the relevant departments planning a career in the pharmaceutical industry.

The Pharmaceutical Industry Means Devotion

In **2021**, to commemorate the 90th Anniversary of Ogarev Mordovia State University, **Promomed Group** developed the Pharmaceutical Industry Means Devotion programme.

The Pharmaceutical Industry Means Devotion
As part of the programme, leading experts from the medical community delivered a series of lectures. **Promomed Group** also launched a temporary information centre to advise students on job opportunities in the Company and arrange meetings with representatives of the **Biokhimik** plant.

In addition to Ogarev Mordovia State University, **Promomed Group** collaborates with other higher educational institutions. The Company is planning, for instance, to launch special courses at Evdokimov Moscow State University of Medicine and Dentistry and Mendeleev University of Chemical Technology of Russia.

In total, in **2021**, **67** students completed the professional training programme with the Company's support: **54** who completed special courses and **13** company employees.

Availability of Quality Medicines

Given **Promomed Group's** focus on producing of vital and essential medicines, it is critical for the Company to ensure a price for and availability of its products so that as many patients as possible are able to buy them at a nearby pharmacy or obtain them at a clinic. To reach this goal, the Company is commissioning new production capacity, increasing labor efficiency and expanding the geography of sales.

The Company is increasing the plant's capacity and improving business processes in order to produce as many medicines as required. The need for this expansion has become especially pressing in recent years, with the demand for antibiotics and antiviral medicines produced by **Promomed Group** increasing on the back of the COVID-19 pandemic.

A significant increase in medicine production and adherence to the **GMP** standards were made possible by the Company's steady efforts to increase labor productivity and the plant's capacity. As early as **2018**, the **Biokhimik** plant took part in the national **Labor Productivity** project aimed at achieving higher labor productivity of non-resource industry enterprises. As part of the project, experts from the Federal Competence Centre performed diagnostics of the current production processes and developed a plan for addressing production losses. The ready-to-use ampoule production shop became the project launch pad. It was completely upgraded, with the production equipment now being located on one floor rather than the previous four floors. This has allowed the Company to exclude all contamination risks. After four years of lean production in this shop, the Company increased output to 15 million ampoules a month.

80%

of the Company's medicines are on the current list of vital and essential medicines

The list of vital and essential medicines (the VEM list) is approved by the Russian Government in order to regulate prices at government level.

The list is updated on an annual basis and guarantees free provision of medicines to patients entitled to subsidy benefits.

Currently, around 80% of medicines produced by **Promomed Group**, including antibiotics, anti-tumour and antiviral medicines, are classed as vital medicines and included on the VEM list.



The plant management analysed the performance and scaled up successful practices in other production processes. In 2021, the Company commissioned an upgraded solid dosage forms line and increased medicine production there. Maksim Reshetnikov, Minister for Economic Development, attended the launch ceremony at the plant.

In addition, the Company significantly increased the annual productive capacity in the reporting period (from **250 m** tablets to **450 m** tablets, from **60 m** ampoules to **170 m** ampoules, and from **20 t** to **75 t** of substances).



In addition to diagnostics and technological process upgrades, the Company has trained employees in lean production practices. Please see the Talent Attraction and Development section for more detail on this.

Medicines produced by **Promomed Group** are currently available in all 85 regions of the Russian Federation. The Company is active in developing sales in the retail and clinic segments. In **2021**, the Company's products were used at **4,425** Russian clinics, which is 22% above the **2020** level (**3,632** medical institutions). In the reporting period, the Company's products were sold by more than 67,000 pharmacies (+5% year-on-year).

The Company has organized export of medicines to CIS countries: Belarus, Uzbekistan, Kazakhstan, Azerbaijan and Tajikistan. The list of countries where the Company operates is steadily increasing. In **2021**, at the St. Petersburg International Economic Forum, **Promomed Group** and the Government of Kyrgyzstan agreed to join efforts in organizing shipments to Kyrgyzstan of medicines for treating infections and **COVID-19**. In the medium term, the Company plans to enter markets in Latin America and Africa.

The fight against COVID-19

The COVID-19 pandemic, which broke out **in late 2019**, has dramatically increased the load on the national healthcare system. In record-breaking time, Promomed Group developed Areplivir, which proved to be very effective in treating the **SARS-CoV-2** virus. The Company is continuing to expand its portfolio of anti-coronavirus medicines and is implementing a programme for supporting medical personnel working in 'red zones', one of the most vulnerable social groups during the pandemic. In addition, during the pandemic the Company has been focusing on protecting the health and ensuring the safety of employees.

Development of innovative medicines

Promomed Group was one of the first Russian companies to market a Covid-19 oral treatment. The Company's specialists collaborated with the Consortium of Academic Associations for **COVID-19** Studies of the Russian Academy of Sciences in developing **Areplivir**, a medicine based on the favipiravir molecule. The clinical trials of Areplivir were led by Dmitry Pushkar, merited doctor of the Russian Academy of Sciences.

The clinical trials of the medicine were carried out in strict compliance with the **GCP** rules and showed that **Areplivir** has a direct antiviral effect. The results of the trials were officially presented at Rossiya Segodnya International Media Group. In June **2020**, the Russian Health Ministry registered **Areplivir** and included it among the priority guidelines for treatment of **COVID-19**.

Given the needs of the national healthcare system for clinical medicines for treating **COVID-19**, in **2021**, **Promomed Group** presented the first Russian injectable anti-coronavirus medicine with direct effect — the injectable form of **Areplivir**.

The new form is assimilated more easily and demonstrates more intensive cell infiltration and distribution allowing for better clinical outcomes. In **December 2021**, the Company started producing the medicine and supplying it to inpatient medical institutions in all Russian regions.

Pirogov Order for contribution to combating COVID-19

On 15 March 2021, Russian President Vladimir Putin awarded the Pirogov Order of merit in medicine production to Petr Bely, **Promomed Group** Chairman of the Board.

This award is the highest appreciation of the achievement made by the Company and the group of scientists (who also received the orders) in developing the **Areplivir** antiviral medicine.

The Pirogov Order was instituted on **19 June 2020** after the outbreak of the COVID-19 pandemic.

The Order was named after Nikolay Pirogov (1810–1881), an outstanding Russian surgeon and the founder of battlefield medicine. The Order is awarded to Russian citizens for selflessness in providing medical aid in emergency situations, during epidemics and other circumstances associated with risk to life.

Promomed Group is consistently expanding its portfolio of anti-COVID-19 medicines to give doctors a choice of several medicines for treating specific patients. When developing Areplivir, the Company also started developing another anti-coronavirus medicine, **Esperavir**. **Esperavir** and **Areplivir** contain different quantities of the active ingredient (molnupiravir and favipiravir, respectively). The two molecules inhibit the virus in different ways, blocking its spread through the body. **Esperavir** has now successfully passed all clinical trial stages. The clinical trials were launched in **December 2021** at **16** Russian clinics. The Company expected the medicine to be registered by early 2022.

In addition, in **2022**, **Promomed Group** planned to launch Skayvira onto the market. This is a combination medicine with two active substances, nirmatrelvir + ritonavir, and has been recognized as the most effective medicine for treating a coronavirus infection. The Company developed a unique technology and a combination of nirmatrelvir + ritonavir in one tablet, which helps reduce the number of tablets taken to a third, thus increasing patients' commitment to the treatment and therapy safety.

Promomed Group focuses particularly on development and production of medicines for combination therapy of **COVID-19**, including those used to treat complications and consequences of an earlier infection.

The Company's portfolio includes such anticoagulants as **Enoparin** and **Thromboforce Forte**, as well as RNA-based **Radamin Viro** and a number of antibiotics. All these medicines have been included in the current guidelines of the Russian Health Ministry for preventing and treating **COVID-19**.

The fight against COVID-19: sharing experience

The collaboration between the medical and pharmaceutical communities is a key driver for success in both combating COVID-19 and developing the national healthcare system as a whole.

Promomed Group regularly takes part in meetings with industry representatives to share experience and proposals for increasing the efficiency of anti-COVID efforts. In **2021**, Petr Bely, **Promomed Group** Chairman of the Board of Directors, took part in the medical conferences: "Protection against COVID-19: Measures against the New Coronavirus Infection" and "**Healthcare: Looking to the Future.**"

In his reports, Petr Bely emphasized the potential for broad roll-out of pandemic-related lessons and experience for developing a national healthcare system.

In particular, replicating the approaches to development and registration of anti-coronavirus medicines with respect to other medicines used to treat fatal diseases. Such an approach would allow a significant reduction in the development and registration period of innovative medicines without reducing the scope of the clinical trials or pharmaceutical evaluation.

Support for healthcare workers

The Company's participation in the fight against COVID-19 is not limited to developing innovative medicines. Following the principles of social responsibility, **Promomed Group** provides support to healthcare workers engaged in treating **COVID-19** patients.

Since late 2020, Promomed Group has been conducting the **Areplivir for Doctors** all-Russia Charitable Programme.

In 2021, as part of this programme, the Company provided over **30,000 packages of Areplivir** to all categories of medical personnel working in 'red zones'. The participants in the programme were clinics in Moscow, the Republic of Mordovia, the Leningrad, Samara, Sverdlovsk, Saratov, Kirov, Voronezh, Tula and Novosibirsk Regions and other locations. The Company sent more than **1,000 packages of Areplivir** to doctors providing services to Russian Railways workers and residents of remote towns and population centres.

Prevention is the best protection against COVID-19

After the first wave of **COVID-19**, **Promomed Group** implemented all recommended measures for protecting the health of employees. Some employees switched to remote work. In order to ensure the safety of employees who continued to work in the office and the plant, the Company introduced social distancing, provided **personal protection equipment** and **rapid COVID-19 tests**, and disinfected work places.

After a COVID-19 vaccine was developed in Russia, **Promomed Group** arranged vaccination for **Biokhimik plant** employees. The first vaccination campaign started in **April 2021** and was carried out on-the-job. In total, the vaccination team made several trips and vaccinated the Company's employees with the **Sputnik-V** vaccine at specially equipped premises. Several hundred employees took part in the vaccination campaign.



Plans for 2022

In 2022, Promomed Group plans to:

- **Enter into agreements with higher educational institutions**, including Mendeleev University of Chemical Technology, Evdokimov Moscow State University of Medicine and Dentistry, and Penza State University with the aim of developing scientific education
- **Develop partnership** with Ogarev Mordovia State University, launch a **Master's degree** programme at the Department of Chemistry and Technology of Physiologically Active Substances and provide support to the University's research activities
- **Arrange internship** with the Company for Master's degree students of the Skolkovo Institute of Science and Technology (Skoltech)
- **Continue supporting** scientific research at Sirius University
- **Provide support** to scientific conferences in all therapy fields of the Company's operations
- **Arrange for clinical trials** at partner research institutes
- **Adjust the product portfolio development plan** to account for the need for import substitution of medicines included on the Vital and Essential Medicine List
- **Create conditions** for ensuring broad availability of medicines by expanding production, in particular launching new capacities for finished dosage forms and active pharmaceutical ingredients
- **Expand the quantity and product mix** of products supplied to medical institutions, and increase the number of pharmacies selling the Company's medicines
- **Complete clinical research into and register** at least five new anti-coronavirus medicines for treating this infection and its consequences (including Esperavir and Skayvir)

6. Talent Attraction and Development

Our Approach and Progress in 2021

The brilliance, expertise and continuous efforts of our employees drive Promomed's success in developing and implementing innovative medicinal solutions. We do our best to provide a safe and comfortable working environment for all members of our team.

Employees have opportunities to progress, grow and benefit from our inclusive, trust-based corporate culture.

Employee engagement at **Promomed Group** is the responsibility of the Directorate for Human Resources and Organizational Development, headed by its Director.

The Directorate is responsible for recruiting, administering, incentivizing and developing talent, dealing with internal communications and organizational development, as well as occupational health and safety.

Promomed Group has adopted a number of internal regulations on talent management, including the **Promomed DM LLC** Corporate Code of Conduct and Compensation and Benefits Policy, the **Biokhimik JSC** Corporate Code of Conduct and Compensation and Benefits Policy. We are currently working to update and expand these regulations to reflect the consistent growth and transformation of Promomed's business.

Promomed Group focuses on a number of strategic areas involved in talent management. We are:

- fostering the corporate culture;
- building an optimal organizational structure;
- acquiring talent;
- retaining and incentivizing talent, creating mechanisms for rewarding them;
- nurturing talent inside the organization; and
- developing our own HR brand.

2021 in Figures

> **1,600**
employees¹⁵

+ **15 %**
headcount increase¹⁶

- **3,2 (p.p.)**
reduction in employee turnover

Zero
work-related accidents

¹⁵ At the end of 2021.

¹⁶ Based on the headcount at the end of 2020 and 2021.

2021 Highlights

1

We developed **Promomed Group's mission** and **positioning**.

2

We **updated corporate values** and introduced a pathway for engaging employees in our shared corporate culture.

3

We **created new units** within the Directorate for Human Resources to take charge of organizational development, rewards, compensation and benefits.

4

We **developed and launched a hierarchy of job grades** for employees of Promomed's management company.

5

We also **introduced regular town halls** — a new type of meeting between management and employees where every person can ask the leadership a question.

6

Finally, we **launched a programme** to promote self-study among employees over the age of 50.

Best of the best

Twenty-seven workers of the Biokhimik plant

won national and regional awards for their hard work and significant contribution to the industry.

The awards included, for example, **the title of Honorary Chemical Professional** of the Russian Federation and the Republic of Mordovia's **badge of honor For Dedicated Service**. Our employees earn various appreciation awards every year.



Recruitment and Retention

Promomed Group is carefully building a team of talented and enthusiastic professionals. We are working to strengthen our HR-brand, develop channels for attracting talent, onboard newcomers and develop a corporate culture

founded on inclusion, mutual respect and trust.

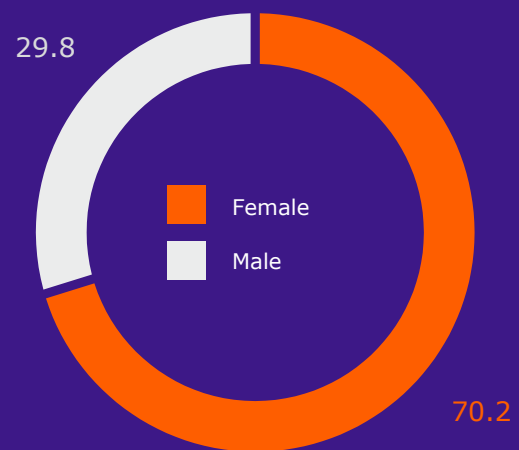
Workforce composition

At the end of 2021, Promomed Group employed 1,671 people — **15% more** than in 2020 (1,449). Of these, **almost 80%** (1,332 people) are employed by the Biokhimik plant, while the rest work for the management company.

Promomed Group is interested in retaining talent long-term. Most of our employees (**99%**) have permanent employment contracts.

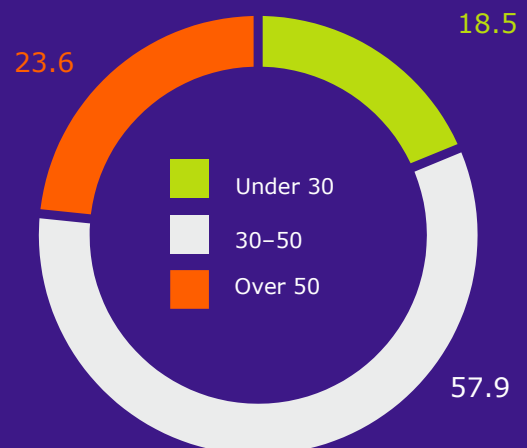


Promomed's employees in 2021 by gender, %¹⁷



Women make up around 70% of the workforce at both the plant and the management company.

Promomed's employees in 2021 by age, %



Promomed Group employs people of different ages. Almost 60% of our employees are between 30 and 50 years old. About 19% are under 30 years of age, while those over 50 make up almost 24% of our workforce.

We welcome commitment to corporate values, capabilities, and professionalism.

We do not discriminate against candidates or employees based on gender, age or other qualities and we strive to maintain a supportive work environment. Please see the Diversity and Inclusion section of this report to learn more.

¹⁷ Based on the average headcount.

Attracting talent and developing our own HR brand

We seek to expand our workforce. **In 2021, Promomed Group** welcomed **463** newcomers – almost **21%** more than in 2020 (383 newcomers). This growth was driven by the expansion of our business and the increase in production volumes.

We also launched new functional areas, such as organizational development and protection of intellectual property.

We are exploring various channels to unearth talent, including the social media accounts of **Promomed Group** and the **Biokhimik plant**.

We use these channels to publish vacancies and give a comprehensive picture of life at Promomed,

our corporate culture and values, the team, achievements and events. We also promote operational occupations by sharing information about in-demand roles at our facility and publishing employee interviews about their careers.

Industrial tourism

In 2021, Promomed Group launched an industrial tourism programme called "**Biokhimik Plant: a look inside today's pharmaceuticals**". Schoolchildren and chemical students with a passion for technology and innovations who are considering a career in the pharmaceutical industry can now get a closer look at Promomed's operating facilities.

As part of the programme, we have developed a special route — **TransPharmation. A molecule's journey**. Along the route, **Biokhimik** employees tell visitors about the manufacturing process from a single molecule to a finished medicine.

This is how we maintain general interest in the industry, while giving people an opportunity to come and see what it is like to work at our plant.

Promomed's aspiration to attract top talent translates into engagement with higher and secondary educational institutions: we offer internships and apprenticeships, and help institutions tailor their curricula to current business needs.

Recently, we have been supporting secondary schools by providing up-to-date woodworking equipment for their technology classes. Secondary school No. 27 in Saransk was the first to partner with **Promomed Group**. We invest in upgrading schools' physical assets, helping students try their hand at using machinery and tools and gain practical knowledge in an ergonomic and safe environment.

In 2022, we intend to bolster this cooperation by introducing special advanced chemistry courses at secondary schools in Saransk.

We are also developing cooperation with higher educational institutions. **Promomed Group** has close partnership ties with Ogarev Mordovia State University. In 2018, we helped the university establish a Department of Physiologically Active Substances-related Chemistry and Technology Studies, which trains specialists to meet our business needs.

We also opened two laboratories: for academic and scientific research.

In 2021, Promomed's cooperation with Ogarev Moscow State University was significantly expanded.

We offer their students an opportunity to apply their knowledge at our plant.

Every year, we deliver a presentation for students who are interested in internships and employment at **Promomed Group**.

For more information about our cooperation with educational institutions, please see the Contribution to Healthcare Development section of this report.

Employee onboarding

We create a comfortable environment for new hires from day one. To this end, we hold a **Welcome Meeting** for **Biokhimik** newcomers to introduce them to Promomed's history and processes, and talk about career opportunities.

The **Biokhimik** plant also has a mentoring system for helping new employees adapt to the workplace and get ready for working on their own.

Each employee is assigned an experienced mentor to help them learn the skills needed for the job and advise them on all work-related issues throughout the probation period, during which time

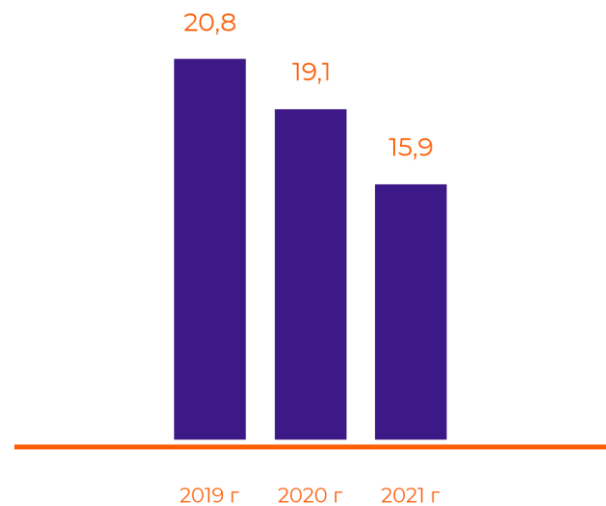
team leaders perform interim tests or surveys of the new employees' competencies.

Employee retention

We strive to keep our people on board as long as possible.

In 2021, employee turnover fell by **3.2 p.p.** on 2020 thanks to our systematic efforts to improve the remuneration and bonus system. For example, a range of new services was added to the corporate voluntary health insurance programme. In **2021**, the salary of **Biokhimik** employees was increased by an average of **25%**, and their lump-sum vacation bonus was doubled to RUB 3,000. **Biokhimik JSC** introduced new bonuses to be paid annually on Chemist's Day and the plant's anniversary. In addition, we took a number of steps to improve working conditions. We revamped the **Biokhimik** facilities and arranged comfortable seating for employees in the injectable antibiotics area.

Employee turnover in 2019–2021, %



An ongoing dialogue with our people and a strong focus on an open corporate culture **are central to employee retention at Promomed Group.**

Our company promotes an 'open door' policy, with employees welcomed to voice their questions and concerns to their team leader and the Directorate for Human Resources. Plant employees may also address foremen with their questions or ask them directly to the leadership managers **at a town hall meeting.**

We introduced **town halls in 2021** as quarterly meetings between employees and leaders. At these meetings, Promomed's shareholder and top management representatives answer questions from employees of the management company and the **Biokhimik** plant. The format of town halls is modified to meet employees' expectations. For example, after reviewing feedback on the first meeting, we gave those who wish to do so the opportunity to submit questions anonymously.

In addition, we are to launch an intranet portal, which will feature options for feedback, communication and information exchange. We are also looking to print **Biokhimik's** corporate newsletter again.

Decent Working Environment



We value our employees and strive to reward them decently and fairly.

Promomed Group regularly analyses and improves employees' compensation, benefits and perks.

In doing so, we are guided by the Russian labor legislation, as well as internal regulations, such as our Compensation and Benefits Policy, Bonus Policy and more. All work related to employee compensation, benefits and bonuses is coordinated by head of the Directorate for Human Resources and Organizational Development.

At **Promomed Group**, compensation and benefits include a fixed remuneration (salary), as well as variable payments, allowances, awards and bonuses that are calculated based on employees' qualifications and experience, work performed and (for certain categories of employee) progress towards achieving **KPIs**.

Salaries are increased annually based on the labor market analysis and the Company's strategic plans.

We seek to create an effective and transparent remuneration system. **In 2021**, the management company of **Promomed Group** implemented a hierarchy of grades.

We are now focusing on improving incentives linked to **KPIs**. This includes refining the list of employees eligible for variable remuneration and updating KPIs to align them with **Promomed Group's** business strategy. The updated system will go live in 2022.

We will use all available communication channels (emails, general quarterly meetings, online conferences) to raise employee awareness about the new variable pay mechanism.

We also have a **unique practice** of giving special bonuses to employees who contribute to the development and launch of innovative medications.

These bonuses are on the initiative of the Chairman of the Board of Directors.

They can be granted to any employee, from plant worker to senior manager, and may amount to several salaries or more.

Among other things, we offer **financial assistance** on anniversaries, weddings, emergencies, etc. The money is paid based on the relevant corporate policy and an order signed by the General Director.

At Promomed, a competitive salary **is accompanied by** a benefits package that is regularly reviewed to accommodate the expectations and opinions of our workforce. **All our employees are eligible for these benefits regardless of their employment conditions.**

The package may also include voluntary health insurance and reimbursement of mobile phone expenses. In addition, employees **may receive Promomed medicines** free of charge¹⁸.



Both female and male employees are eligible for parental leave. **Forty employees went on parental leave** in 2021.

Biokhimik employees are offered tours for their children to summer camps. Under the collective agreement, an employee covers only **5% of the costs**, the remainder being reimbursed by the plant.

Thirty-two children went on a tour in **2021**.



¹⁸ Prescription drugs are available on prescription from the attending physician.

Talent Development

Promomed Group's business is knowledge intensive, depending critically on its professional workforce. We invest in intellectual leadership, aiming to take a strong position as a leading pharma company on Russian and foreign markets.

Our strategic initiatives include development of a framework for continuous knowledge progression across the organization. We intend to:

- **determine the basic principles** that will underpin our efforts to facilitate the professional development of Promomed employees (these principles will be included in our Talent Development Policy next year);
- **develop a performance assessment and development programme** for certain employee categories, including sales specialists, marketing specialists, middle managers, etc.;
- **introduce** individual development plans as a tool for working with the talent pool.

The Directorate for Human Resources and Organizational Development has a dedicated Learning and Development Department, which creates conditions for professional development and advancement of Promomed employees.

Training by functional area

Promomed Group gives employees opportunities to learn and develop in their field of expertise.

In 2021, female and male employees underwent, on average, 29 and 27 hours of training, respectively (compared to 11 and 8 hours, respectively, in 2020). The increase in training hours was due to the Company's initiative to offer 22 employees the opportunity to study for an MBA.

Promomed Group implements internal training programmes, including:

- **induction training** for professional and social onboarding of newcomers and employees transferred to another position within their department or between departments, or on their return to work after a long absence;
- **periodical training** for maintaining and updating theoretical knowledge;
- **ad-hoc training** in the event of changes to production processes or internal regulations or of breaches committed by employees.

We also organize external training, including:

- **mandatory training** for renewing licenses held by certain categories of employee;
- **additional training** following changes to business processes.

The **Biokhimik plant** has a mentoring programme. For more detail, please see the Recruitment and Retention section of this report.

We hone our learning and development system with a focus on current business needs. **In 2021**, we finalized the learning and development programme for medical professionals of Promomed's commercial operations block.

The programme is scheduled for launch **in 2022**.

Effective employee training is a priority for **Promomed Group**. After internal training employees take a test. Those scoring less than 75% of the maximum possible must retake the training to improve the result. For external training programmes, the training effectiveness is assessed by the relevant training providers, which issue a certificate or diploma based on the final test of knowledge, skills or competencies.

Building of strategic competencies

Promomed Group has plans to improve the learning and development system based on the list of strategic competencies, which will be approved **in 2022**. We are currently working on a comprehensive human capital development framework, which will be aligned with **Promomed Group's** business strategy and used across the organization. The functionality will include components for collecting feedback and assessing training effectiveness.



In 2021, Promomed Group organized a series of public lectures for employees and a wider audience to mark the Year of Science and Technology in Russia.

The series featured lectures delivered by Russian scientists from Mendeleev Russian University of Chemistry and Technology, Moscow State University, Saint Petersburg State University of Chemistry and Pharmacy, Sechenov First Moscow State Medical University, Perm State Academy of Pharmacy, Kazan State Medical University and other leading Russian think-tanks.

Occupational Health and Safety

Occupational health and safety (OHS) is of fundamental value to **Promomed Group**. We adhere to the **Vision Zero concept**, seeking to ensure safe working conditions for all staff. In recent years, the number of work-related accidents has been reduced to zero. **Promomed Group** strictly follows the Russian labor legislation and constantly improves its OHS management system in accordance with **National State Standard (GOST) 12.0.230-2007** by introducing necessary additions and modifications after new legal requirements are issued. Promomed's approach to the OHS management system, which applies to all employees, is described in our Occupational Health and Safety Policy. We are looking to certify our OHS management system in accordance with **GOST R ISO 45001-2020**.

As of today, we use a differentiated approach to ensuring safe working conditions for office and operational staff. Despite process differences between subdivisions, the key responsibility of the OHS Department is to advise employees on all issues related to employee occupational health, safety and rights protection,

and explain their liabilities. **Promomed Group** intends to create a centralized service to integrate OHS processes throughout the business.

We work closely with the trades union, which participates in all activities that might affect working conditions at our production facility.

The trades union is also involved in collecting feedback from employees on workplace conditions and hazards. Employees are always welcome to bring any issues to the attention of the OHS Department.

We have introduced quarterly 'health and safety days' held by line managers onsite to raise employees' awareness of OHS issues and to collect feedback.

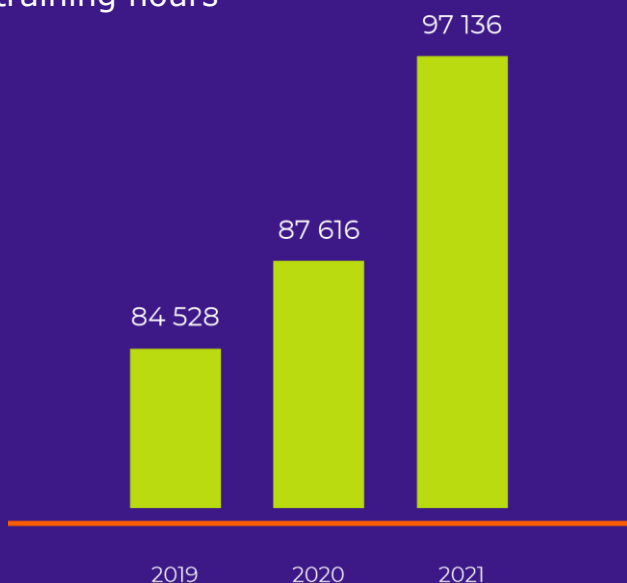
The results are reviewed by the **OHS Department** on a regular basis and used for planning purposes.

We recognize that work at a production facility comes with lots of risks so we place significant emphasis on training our people, including OHS specialists. We have developed **14 training courses** for OHS staff.

Training takes place in a dedicated classroom equipped with additional visualization capabilities for displaying extreme hazards associated with certain operations, as well as actions to be taken in emergencies. We also have in place an automated mechanism for tracking training times. It helps us monitor the training process closely and avoid an untrained employee being allowed to start work. We also plan to automate the document flow in order to facilitate effective OHS activities and controls for office employees. We are aware that many accidents occur in highly routinized processes and that periodical OHS knowledge tests are a must.



Number of employee OHS training hours



OHS information is documented in both hard copy and digital format (unless this violates legal requirements).

Promomed employees work in different environments and are exposed to different hazards. The working conditions at existing and new workstations and work areas

are reviewed and monitored through regular assessments. We strive to improve working conditions for our people or — where this is not possible — offer additional compensation and benefits to those exposed to hazardous environments.

We undertake assessments of occupational risks for all types of job and job title to control the hazards faced by employees. We have engaged an accredited organization, which has helped us log all risks existing at our plant and identify the most critical ones. We have also established an occupational risk assessment commission and approved risk assessment methods to ensure safe operations. Occupational risk assessment is embedded in Promomed's OHS management system, which allows for a differentiated training approach. For example, staff in the acids and alkalis warehouse receive additional site-specific training.

Based on occupational risk assessments, **Promomed Group** has come up with a number of measures to mitigate risks and hazards. We realize the importance of keeping employees aware of OHS risks and hazards so we communicate risk assessment results to our people and make this information publicly available.



Promomed Group has a sanitary commission that monitors sanitary conditions and ensures compliance with standards. The sanitary commission performs the requisite activities and prepares an assessment report and an instruction to address deficiencies and prevent hazardous situations occurring. **Promomed Group** is planning to develop a new road safety policy for employees travelling across the country by motor vehicle.

Improved working conditions

The Biokhimik plant has taken a number of steps to create a favorable working environment. These include:

- **reconstruction of the ampoule area, purchase of equipment** for clean and auxiliary rooms;
- **installation of a partition** in the tablet mass facility to separate equipment and preparation processes;
- **installation of a conical mill and a tank** to reduce dust levels in the clean area;
- **installation of vacuum loaders** in the mixing and tableting boxes;
- **transition** to LED lights;
- **purchase** of chairs and stools for industrial settings;
- **installation of a split system** and retrofitting of the ventilation and air conditioning system.

To prevent injuries, Promomed’s internal OHS regulations stipulate that employees stop working if a workplace hazard is identified. The employee must inform their team leader (shift or area supervisor), who takes measures to eliminate hazards.

Promomed Group protects employees against possible pressure from team leaders. Employees may ask the OHS Department or the trades union committee to take measures for improving their working conditions and reducing occupational risks.

Promomed Group runs a hazardous facility, which is why our employees receive **additional training and briefings**, and our hazardous equipment has sensors that activate in the event of process deviations.

Promomed Group takes **work-related injuries seriously** and has an accident investigation policy in place. We also have a separate policy for hazardous facilities, which regulates investigation into the causes of accidents and incidents. Following investigations into accidents and micro-injuries, we conduct ad-hoc briefings for all employees.

Records of accidents are kept at all times. Injury rates have been falling over the past three years, reaching zero **in 2021**.

OHS indicators for full-time employees in 2019–2021

Indicator	2019	2020	2021
Total number of hours worked	2,134,512	2,126,019	2,511,006
Total number of accidents	2	0	0
Total number of fatal accidents	0	0	0
Total number of accidents with severe injuries	0	0	0
Total number of occupational diseases	0	0	0
Total Recordable Injury Frequency Rate (TRIFR) ¹⁹	0.2	0.0	0.0
Fatal Accident Rate (FAR)	0.0	0.0	0.0
Severe Injury Rate	0.0	0.0	0.0

¹⁹ The injury rate was calculated using data on fatal, minor and severe injuries.



We care about our employees and make sure they have working conditions that benefit their well-being. We always conduct medical checkups before hiring and from time to time afterwards. Promomed's medical office offers **vaccination and revaccination against COVID-19 and influenza**, polymerase chain reaction (PCR) and antibody tests, and blood donation opportunities. **In 2022**, we plan to introduce free blood sugar tests, electrocardiograms, anthropometry, blood pressure measurements, and carbon monoxide detectors for smokers. Biokhimik employees are provided with gym and swimming pool memberships.

Being a pharma producer implies interaction with a host of contractors from a variety of industries.

We understand that contractors' employees may, from time to time, be exposed to hazards when working at our premises. For this reason, we have implemented a special system for controlling their access to hazardous operations and monitoring their work. Before signing an agreement, we ascertain that the contractor has all the requisite permits, training and qualifications. All contracts include provisions requiring compliance with the legislation, occupational health and safety, and fire safety standards and regulations, as well as requirements to use personal protective equipment. We constantly monitor compliance with these rules through walkdowns of workplaces and breach reports.

We reserve the right to refuse to engage contractors that systematically breach OHS requirements.

Promomed Group takes a responsible approach to workplace safety. We undergo regular labor inspections by the state and take immediate corrective actions to address any deficiencies.

Our facility has in place internal OHS compliance controls covering various production units and OHS officers. Semi-annual inspections are followed by a report. If there are any deficiencies, we assign an officer responsible for correcting them within the established deadline.

We continue to improve our organization, including health and safety. At the end of each year, we thoroughly analyse OHS documentation and performance in the previous year and develop a number of corrective measures for the next year.

Support for sports

Promomed Group strives to promote a healthy lifestyle among employees and support sporting events.

We organize track and field races, football tournaments, and corporate checkers and chess championships.

Skiing takes a special place on our sports agenda. We regularly run ski competitions at our ski base at the **Biokhimik plant**. Our employees in Saransk also have a long-standing tradition of participating in the national *Russian Ski Run* competition.

The **Biokhimik** plant is the general partner of the event. Our team is led by Dmitry Zemskov, Executive Director, president of the Mordovian Ski Race Federation.

Diversity and Inclusion

Promomed Group promotes inclusion and equality in employment and the workplace. Respect for every employee is part of our DNA. It is embedded in our internal regulations, such as the **Promomed DM LLC** Code of Corporate Ethics. We are also working on a separate document that will state Promomed's commitment to inclusion and diversity at the leadership level.

We strive to cultivate a **productive and respectful environment** and provide equal employment opportunities regardless of gender, age, religion or other characteristics. Employment decisions are made **based only on a candidate's personal and professional qualities**.

Sixty-seven per cent of our new hires in 2021 were female. About **24%** of new employees were **under 30 years of age** while **12%** were over 50.

A similar approach is adopted for employee remuneration. The pay level is mainly determined on the basis of business area, job title and performance.

Compliance hotline

Any employee who feels or witnesses discrimination may contact **Promomed's Compliance Hotline**

- by phone at +7 (495) 640-25-28 (ext. 1950),
- by e-mail at vmodin@promomed.ru,
- by post at Compliance Hotline, 13 Prospekt Mira, bldg 1, Moscow, 129090.

Each report is documented and forwarded to our compliance officer.

In 2021, we received **zero** discrimination reports via our Hotline.

Support for senior employees

Promomed Group employs more than 350 experienced, highly qualified, long-serving employees aged over 50. Today, many of them struggle to adapt to the new realities and update their professional skills.

We strive to support this valuable asset. **In 2016, Promomed Group** launched the **Honored Biokhimik Citizen** programme for senior employees who wish to upgrade their competencies and embrace our corporate culture. The key goals are to:

- **improve the performance** of the senior generation employees through new knowledge and competencies;
- **increase their job satisfaction** and performance;
- **maintain the motivation** of senior employees to help them develop professionally and continue working at **Biokhimik**.

Since the programme's launch in 2016, we have delivered several rounds of reskilling and corporate culture awareness activities, with **350 employees** trained under **420** programmes.

Since 2021, Promomed Group has been facilitating self-study by employees **over the age of 50**.

At the pilot stage, we selected a group of **25 people** in managerial positions and offered them the **Top Manager. Modern Methods in Team Management** training programme developed by the Russian Presidential Academy of National Economy and Public Administration.

Satisfaction with the training **exceeded 80%**. The participants rated categories such as usefulness, interest and applicability of the lessons learned to their work at **Promomed**. **Over 90%** of the pilot programme participants said they would not have been able to complete the training on their own.

In 2022, **Promomed Group** will roll out this initiative to other employee categories, including production staff. At least **50 people** are expected to take part.

Support for employees with disabilities

The **Biokhimik** plant employs more than **30 people with disabilities**, including stacker of medical products, unskilled worker, loader, deputy foreman for equipment, laboratory technician and pharmacologist, cardboard factory worker, shop access controller and pump unit operator.

We strive to provide a comfortable work environment for these people, taking into account their disability group and individual rehabilitation plan.

Employment of people with disabilities is not a legislative tick box initiative but part of our wider social and talent agenda.

We are convinced that Promomed employees are highly motivated and engaged professionals; we provide them with equal comprehensive support and impose equally strict requirements on workplace discipline and safety.

Plans for 2022

In 2022, we intend to:

- **develop and update** corporate talent management documents;
- **automate** HR processes and **develop** an HR analytics system;
- **develop and launch** an end-to-end employee training and development system;
- **develop and implement** a motivation system linked to achievement of corporate goals;
- **conceptualize and launch** a talent pool programme;
- **conduct an assessment** of employee engagement;
- **launch** an intranet portal;
- **extend** the self-study facilitation programme for senior employees to other employee categories;
- **certify Promomed's** OHS management system as per GOST R ISO 45001-2020.



7. Caring about the Environment

Our Approach and Progress in 2021

Promomed Group is firmly committed to environmental protection and safety. As a pharma producer, the Biokhimik plant is classified as a facility with a moderately negative environmental impact²⁰. We seek to mitigate our environmental footprint, use natural resources more efficiently, increase the share of recyclable waste and reduce air emissions by constantly honing our business processes and embracing new production technologies.

Promomed Group adheres strictly to Russia's environmental laws, regulations and standards.

The key document regulating Promomed's activities in this area is the **Biokhimik JSC Environmental Policy** (the "Environmental Policy"), which is aligned with the international **ISO 14001** standard regulating environmental management, and emergency prevention and management. The Environmental Policy sets out our obligations and expectations from partners, contractors and counterparties. These include improvement of their environmental management system, mitigation of their environmental footprint, reduced generation and safe handling of waste, prioritized implementation of the best energy-saving and environmental conservation technologies available, ensuring openness and availability of environmental information, immediate communication to all stakeholders of environmental impacts of significant incidents and corrective actions, and building of environmental competencies and awareness among employees.

²⁰ According to Russian Government Resolution No. 2398 of 31 December 2020 (as amended on 7 October 2021) on "Approval of the criteria for classifying facilities with a negative impact on the environment in classes I, II, III and IV".



Environmental matters are the responsibility of the **Health, Safety and Environment Department of Biokhimik JSC**. The department monitors compliance with the effective environmental legislation, standards and regulations, develops projects and plans, and collects data for regulatory reporting and internal purposes. Fuel consumption is managed by the logistics service of **Biokhimik JSC**.

We make sure that our production processes comply with all legislative requirements. In the event of any alleged environmental violation, stakeholders can contact the environmental watchdog, which may carry out a thorough inspection of the plant, if necessary.

2021 in Figures

61%

of waste generated is directed to recycling

-54%

reduction in energy consumption²¹

Zero

breaches of environmental laws

What we did in 2021:

1 upgraded ventilation and gas treatment equipment to reduce harmful emissions into the atmosphere;

2 obtained approval from Rospotrebnadzor's regional office to reduce the radius of the **Biokhimik's** sanitary protection zone to 100 metres in view of minimal emissions affecting nearby residential areas;

3 updated internal documents regulating certain aspects of Promomed's environmental activities, by adopting a programme for controlling industrial water quality.

²¹ Compared to 2020.






Waste Management

Responsible waste management is high on Promomed's environmental agenda.

We work to improve our waste management procedures and business processes through waste reuse and recycling.

Promomed's waste is mainly generated during production of pharmaceutical substances and finished medicine products.

The main types of waste include:

-  **Hazard Class 1:**
mercury lamps
-  **Hazard Class 2:** lead-oxide batteries, alcohol waste
-  **Hazard Class 3:**
waste containing petroleum products (waste fabric, oil waste)
-  **Hazard Class 4:**
sweepings from the facility, blister waste, waste from offices and amenities
-  **Hazard Class 5:**
waste paper, scrap metal, glass, film

In 2021, the Biokhimik plant generated **more than 1,547 metric tonnes** of waste, an increase of **6%** over 2020. This was due to the upgrade of the plant's facilities and improved capacity of production lines, as well as revamp and retrofit, which included demolition of old buildings and dismantling of equipment.

In the reporting period, most of the waste generated (**92%**) was non-hazardous²².

Promomed Group is looking to eliminate completely generation of Hazard Class 1 waste (most hazardous). This includes replacing mercury with LED lightbulbs according to a set schedule.

Promomed Group takes a responsible attitude toward recycling potentially useful waste. We collect waste paper, glass, wooden pallets, PVC film, scrap metal and other recyclable waste and send it to contractors that process waste at their facilities and prepare it for reuse. Performance of contractors' obligations is monitored by Promomed's process monitoring and sanitary commissions. Violations are identified through surveillance systems and other means.

During the reporting period, **about 61% of Biokhimik's** waste was directed to recycling and reuse²³.

²² Hazardous waste includes hazard classes 1–3, as well as classes C and D; non-hazardous waste includes hazard classes 4 and 5.

²³ Hereinafter, the waste data presented were collected from waste acceptance reports prepared by recycling operators, waste disposal reports, and quarterly reports from workshops and auxiliary premises and subdivisions.

2021 waste volumes by composition and treatment method,

t²⁴

Type	Waste generated	Waste diverted from disposal	waste directed to incineration and landfilling
Hazard Class 1	0.8	0	0
Hazard Class 2	12.8	0	1.4
Hazard Class 3	5.4	0	1.3
Hazard Class 4	461.8	25.4	456.1
Hazard Class 5	959.6	925.1	25.0
Class C	1.3	0.8	0.5
Class D	105	0	105
Total waste	1,546.6	951.3	589.4

We plan to reduce our waste by reusing certain raw materials. For example, we are to build an alcohol and solvent recovery area as part of a new building project (to be commissioned by the end of 2022). Recovered alcohols and solvents will be reused in production processes rather than disposed of, as they are currently.

When manufacturing medicinal products, **Biokhimik** generates **C and D class** medical waste.

Key categories of medical waste

Class C: waste from laboratories (biological waste from vivaria, chemical waste, materials and instruments that have come in contact with biological fluids)

Class D: pharmaceutical waste (waste from pharmaceutical production, spoilage, returned medications)

Promomed Group has in place a medical waste handling system that complies fully with the legislation. We partner only with specialized operators that are licensed to export and dispose of medical waste, and meet all applicable requirements.

When designing product packages, our specialists look at the quantities required for a standard course of a particular medication. We thus demonstrate care about patients' comfort and reduce the risk that some of the unused medication will end up in landfill.

²⁴ The difference in the weight of generated waste and waste directed to disposal or landfilling is due to some waste accumulated at the plant being directed to disposal or landfilling in the next reporting period.

Resource Efficiency and Lower Emissions

Promomed Group is firmly committed to **reducing its environmental impact** through more efficient consumption of natural resources and reduced emissions into the atmosphere. To this end, we are **transitioning to more advanced equipment** and **implementing state-of-the-art production technologies**.

Upgraded production facilities

After acquiring the plant **in 2015**, the new management made comprehensive preparations for all biotechnology assets to transition to processes that meet up-to-date requirements and global environmental standards.

Our specialists cleaned the premises of the waste that had accumulated over decades and revamped legacy pharma reactors. We then assembled imported cutting-edge equipment for synthesis substance and commissioned units and components made in Russia.

Today, **Biokhimik produces latest-generation antibiotics** in a closed, full cycle production system. All stages of the production process **are monitored rigorously** and have no points of contact with the environment, so substance synthesis at **Biokhimik** has no environmental impact.

Responsible water consumption

Responsible water consumption and mitigation of water scarcity risks is a key priority for **Promomed Group**.

Our facilities use artesian water from eight wells to meet our production and sanitary needs. We withdraw groundwater based on a relevant license and discharge wastewater under a contract with the municipal sewage collector Saranskgorvodokanal.

We monitor our impact on water resources by measuring groundwater levels, recording the amount of water withdrawn and monitoring changes in the chemical composition of the groundwater. Water withdrawal and discharge methods, water volumes and quality monitoring are regulated by federal and regional laws, existing licenses and **Biokhimik's** industrial water quality monitoring programme adopted **in 2021**. The programme regulates the water quality monitoring process and determines measures for preventing and addressing emergencies.

The Biokhimik plant is based in Saransk, a region where fresh water is in very short supply²⁵. Going forward, we will install equipment regulating the intensity of water injection based on production needs, which will ultimately reduce Promomed's water intake.

²⁵ According to the Water Resource Institute (WRI) Aqueduct platform.



Total water withdrawal by water source and category, including regions short of fresh water, in 2019–2021, in thousand m³

Indicator	2019	2020	2021 ²⁶
Groundwater	645.6	395.2	387.7
Fresh water	645.6	395.2	387.7
Fresh water withdrawal in Saransk	645.6	395.2	387.7
Other water resources	0	0	0
Total water withdrawal	645.6	395.2	387.7

In 2021, total water withdrawal by Biokhimik was 387.7 thousand cubic metres, which is 1.9% less than in 2020 and almost 40% less than in 2019. The decrease in water withdrawal was because of a change in the range of products, particularly reduced solutions release.

We maintain records of discharged water using gauges that measure water lifted from wells. **Biokhimik** has implemented environmental controls to monitor compliance with sanitary regulations, sanitary and epidemiological standards. Among other things, we control the quality of discharge water in our labs. Promomed’s discharge water is sent to **Saranskgorvodokanal’s** treatment facilities and purified to reach the required level of purity.

Promomed’s project to build a new production facility at the **Biokhimik** premises includes building of a local treatment facility that will purify water before it

enters the municipal sewage system. Our treatment facility will be put into operation **at the end of 2022.**

Sustainable production

In 2018, as part of a strategic target and upgrade of production facilities, **Promomed Group** and its **Biokhimik plant** took part in the Russian national project for **improving labor productivity and facilitating employment.**

During the project, we examined the plant's processes, identified and documented issues and deviations, developed process maps and action plans, including for eliminating in-process losses. Already **in 2019**, in-process losses were reduced by **65%.**

Today, we are continuing to implement the best lean manufacturing practices at **Biokhimik**, with responsibility assigned to the Production Development Department.



²⁶ The decrease in water withdrawal in 2021 was thanks to thanks to changes in the product offering (reduced solution release).



Promomed Group pursues operational excellence in pursuit of greater heat and electricity consumption efficiency.

In 2021, our consumption of purchased fuel increased **by 98%** compared to 2019 owing to higher consumption of natural gas. Natural gas accounted for most of the fuel consumed **in 2021 (98%)**. This is explained by the commissioning, in June 2020, of **Biokhimik's** gas-fired boiler house, which produces heat, steam and hot water to meet the plant's needs. The boiler house uses state-of-the-art equipment, including economizers

that capture exhaust gas heat for additional heating of water, thus helping to save fuel.

Promomed's fleet is small (two trucks, three cars and seven diesel-power warehouse loaders), so we consume minimal amounts of petrol and diesel fuel. In the medium term and in view of the anticipated launch of a new logistics hub, we plan to replace diesel-powered loaders with electric ones.

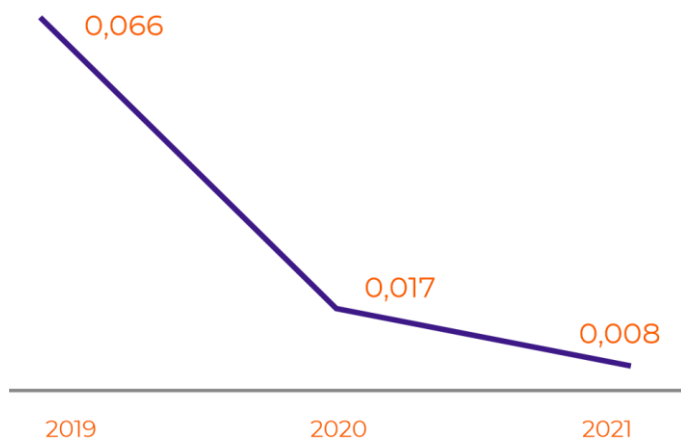
Energy consumption in 2019–2021, in GJ

Indicator	2019	2020	2021
Fuel consumption from non-renewable sources, including:	3,123.4	88,130.5	178,003
Petrol	1,289.8	1,150.8	1,118.6
Diesel	1,726.3	1,488.8	1,819.1
Natural gas	107.3	85,490.9	175,065.4
Purchased energy consumption, including:	176,978.1	92,792.2	37,233.0
Electricity	30,502.3	34,289.1	37,233.0
Steam	146,475.9	58,503.1	0
Generated energy consumption, including: ²⁷	0	76,613.7	154,161.2
Steam	0	59,246.1	114,882.9
Heat (hot water)	0	17,367.7	39,278.2
Total energy consumption	180,101.5	257,536.4	369,397.2

²⁷ Biokhimik uses all energy generated by our boiler plant; heat losses are not recorded.

The increase in total energy consumption at Biokhimik in 2019–2021 was due to the greater production volumes. Over the same period, we recorded a 79% decrease in purchased energy consumption, from 176,978 gigajoules in 2019 to 37,244 gigajoules in 2021. This reduction was driven by launch of our own gas-fired boiler facility.

In 2021, Promomed’s energy intensity decreased by 50% because of an increase in marketable output in basic prices and a reduction in purchased heat.



We are taking a number of steps to improve energy efficiency. This includes transitioning to more advanced technological processes, as well as initiatives to switch to LED lights and install frequency controllers on pump drives.

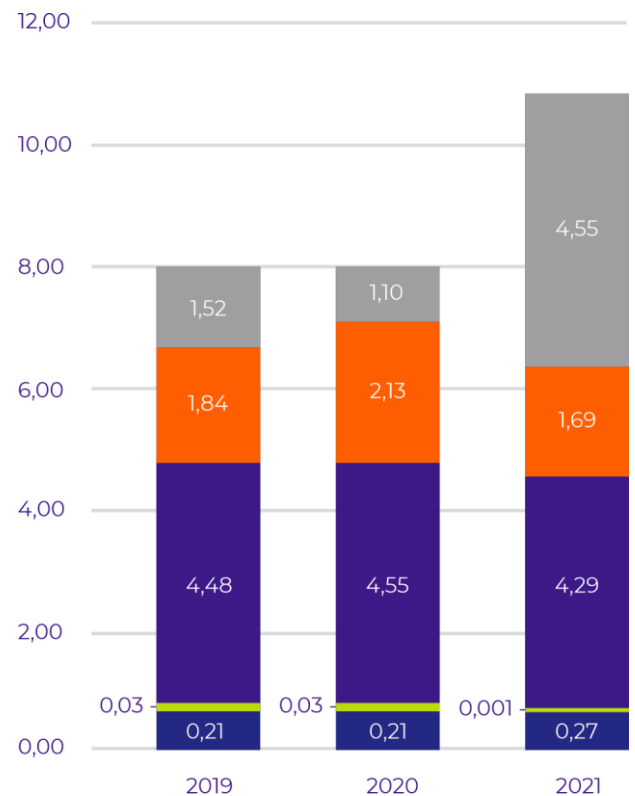
Pollutant emissions

Promomed Group is committed to better air quality and reduction of its own emissions. We comply with the Russian legislation and our internal regulations on harmful emissions into the atmosphere.

Promomed’s main sources of air emissions are the boiler house, laboratories, workshops, and motor vehicles.

Pollutant emissions by compound in 2019–2021, t

- Nox (nitrogen oxides)
- Sox (sulphur oxides)
- Volatile organic compounds (VOCs)
- Particulate matter (PM)
- Other categories of air emission



In 2021, Biokhimik’s emissions totalled 10.8 metric tonnes. The increase of 2.8 metric tonnes over 2020 resulted from the new boiler plant and higher production volumes.

In 2019–2021, Promomed Group did not exceed the set emission limits.

VOCs and other emissions²⁹ resulting from lab analyses accounted for the biggest share of emissions during the period.

²⁸ Energy intensity is calculated by dividing absolute energy consumption within the organization by its output in basic prices. We considered electricity and heat (2019); electricity and heat (until May 2020) and gas (since June 2020), electricity and gas (2021)

²⁹ Other emissions included nitric acid, ammonia, petrol, petroleum-based mineral oil, sodium hydroxide, sulphuric acid, hydrogen sulphide, hydrochloric acid and other compounds.

Sanitary protection zone

In 2020–2021, the Biokhimik plant set the boundaries of its sanitary protection zone, i.e., the buffer area between the operating facilities and the nearby residential buildings. Our specialists considered a number of parameters, including equipment noise, radiation, air emissions and maximum permissible emissions.

Inspectors found that **Biokhimik's** emissions into the surrounding area were minimal. The plant received approval from Rospotrebnadzor's regional office to **reduce the radius of its sanitary protection zone** from 500 metres (the standard figure for pharma producers according to the Russian Sanitary Regulations and Standards (SanPiN)) to 100 metres. The final approval of the relevant documentation by federal authorities is currently pending.

The plant keeps upgrading its processes in order to minimize emissions into the atmosphere. **The Biokhimik plant** is renovating production workshops 3 (Injectable antibiotics, pills and capsules), 8 (Finished ampoule products) and 9 (Infusion solutions, ointments, suppositories, pills and capsules). Ventilation equipment is being replaced with more modern units with filtering systems that capture up to 90% of atmospheric emissions.



Plans for 2022

In 2022, we are to:

- **obtain the necessary permits** for commissioning a new building (this includes calculations of the maximum permissible emissions to determine the new boundaries of the sanitary protection zone);
- **build local wastewater treatment facilities;**
- **commission** an alcohol and solvent recovery **facility;**
- **move away from electric substations running on oil**, which are more likely to pollute the environment
- **reduce our own fleet of motor vehicles**, switch to more advanced, environmentally friendly models to reduce GHG and other harmful emissions.

Appendices

Talent Metrics

The total number of employees, and a breakdown by type of employment contract, by gender and by region

Indicator	2019	2020	2021
Biokhimik JSC (Republic of Mordovia)			
Permanent employees	1,087	1,168	1,324
Women	763	821	941
Men	324	347	383
Temporary employees	7	4	8
Women	3	4	0
Men	4	4	8
Other legal entities³⁰ (Moscow)			
Permanent employees	208	266	327
Women	13	172	224
Men	69	94	103
Temporary employees	13	11	12
Women	12	11	11
Men	1	0	1
Promomed Group Total			
Permanent employees	1,295	1,434	1,651
Women	902	993	1,165
Men	393	441	486
Temporary employees	20	15	20
Women	15	15	11
Men	5	0	9
Total number employees at year-end	1,315	1,449	1,671

³⁰ Promomed JSC, Promomed DM LLC, Promomed Rus LLC

Total number of employees by type of employment and by gender

Indicator	2019	2020	2021
Full-time employees	1,299	1,432	1,644
Women	909	1,000	1,163
Men	390	432	481
Part-time employees	16	17	27
Women	8	8	13
Men	8	9	14
Total number of employees at year-end	1,315	1,449	1,671

Total number of new employees by gender, by age group and by region

Indicator	2019	2020	2021
Biokhimik JSC (Republic of Mordovia)	142	256	301
By gender			
Women	77	184	191
Men	65	72	110
By age			
Under 30	69	73	98
30–50	60	155	161
Over 50	13	28	42
Other legal entities³¹ (Moscow)	68	127	162
By gender			
Women	40	89	118
Men	28	38	44
By age			
Under 30	7	13	14
30–50	50	104	134
Over 50	11	10	14
Total number of employees at year-end	210	383	463

³¹ Promomed JSC, Promomed DM LLC, Promomed Rus LLC

Percentage share of new employees³²

Indicator	2019	2020	2021
New employees	30.1	29.4	17.2
By gender			
Women	28.7	29.9	13.7
Men	33.6	28.1	25.1
By age			
Under 30	39.4	33.2	31.8
30–50	33.1	34.8	16.4
Over 50	15.4	12.6	7.7

Employee turnover rate by gender and by age³³

Indicator	2019	2020	2021
Employee turnover rate, %	17.5	16.3	11.2
By gender			
Women	12.7	16.3	8.4
Men	28.7	16.1	18.1
By age			
Under 30	13.2	10.7	17.4
30–50	15.4	14.1	9.9
Over 50	24.4	25.5	9.7

Average hours of training per year per employee

Indicator	2019	2020	2021
By grade level			
Senior managers	58	149	275
Managers	27	35	142
Specialists	17	10	17
Administrative staff	18	0	0
Production staff	9	0	0
By gender			
Women	18	11	29
Men	6	8	27

³² Based on the average number of employees in the reporting period.

³³ Based on the average number of employees in the reporting period.

Percentage share of employees receiving regular performance and career development reviews

Indicator	2019	2020	2021
By grade level			
Senior managers	83.3	60.0	53.8
Managers	19.3	19.8	20.7
Specialists	32.3	40.5	38.2
Administrative staff	0	0	0
Production staff	0	0	0
By gender			
Women	11.9	14.1	14.6
Men	10.7	14.1	11.3

Number of employees that took parental leave

Indicator	2019	2020	2021
Total number of employees that took parental leave	45	38	40
Women	45	37	40
Men	0	1	0
Total number of employees that returned to work in the reporting period after parental leave ended	22	24	22
Women	22	24	22
Men	0	0	0
Total number of employees that returned to work in the reporting period after parental leave ended and were still employed 12 months after their return to work	20	15	20
Women	20	15	20
Men	0	0	0
Return to work rate of employees that took parental leave, % ³⁴	128	92	69
Women	128	96	69
Men	0	0	0
Retention rate of employees that took parental leave in 2021 and 2020, % ³⁵	n/a	83	77
Women	n/a	83	80
Men	n/a	0	0

³⁴ Calculated using the following formula: total number of employees that returned to work in the reporting period after parental leave ended/ total number of employees that were expected to return to work in the reporting period after parental leave ended* 100.

³⁵ Calculated using the following formula: total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work/total number of employees that were expected to return to work in the previous reporting period * 100.

Environmental Metrics

Total weight of waste, and a breakdown by composition in 2019-2021, in metric tonnes

Indicator	2019	2020	2021
Hazard Class 1	0.5	0.4	0.8
Hazard Class 2	0.2	0.5	12.8
Hazard Class 3	2.5	2.9	5.4
Hazard Class 4	613	887.2	461.8
Hazard Class 5	699.8	512.5	959.6
Class C	1.8	1.2	1.3
Class D	35	49	105
Total waste generated	1,352.9	1,453.8	1,546.6

Waste directed to disposal in 2019-2021, in metric tonnes

Indicator	2019	2020	2021
Waste directed to disposal	658.4	491.9	951.3
Within Promomed Group			
Prepared for reuse	0	0	0
Disposed of	0	0	0
Other waste handling and recovery operations	0	0	0
Waste transferred to third parties			
Prepared for reuse, including	657.9	484.3	931.4
Hazardous waste ³⁶	2.6	0	0
Non-hazardous waste	655.3	484.3	931.4
Disposed of, including	0.5	7.6	19.9
Hazardous waste	0.5	1.6	0.8
Non-hazardous waste	0	6.0	19.1
Other waste handling and recovery operations	0	0	0

³⁶ Based on the average headcount in the reporting period.

Waste directed to incineration and landfilling in 2019–2021, in metric tonnes

Indicator	2019	2020	2021
Waste directed to incineration and landfilling	688,1	971.8	589.4
Within Promomed Group			
Incineration (with energy recovery) ..	0	0	0
Incineration (without energy recovery) ..	0	0	0
Directed to landfilling	0	0	0
Other incineration and landfilling operations	0	0	0
Waste transferred to third parties			
Incineration (with energy recovery) ..	0	0	0
Incineration (without energy recovery) ..	37	69.8	132.5
Hazardous waste	37	53.4	108.2
Non-hazardous waste	0.0	16.4	24.3
Directed to landfilling	651.0	902.0	456.9
Hazardous waste	0	0	0
Non-hazardous waste	651.0	902.0	456.9
Other incineration and landfilling operations	0	0	0

³⁷ Hazardous waste includes hazard classes 1–3, as well as classes C and D; non-hazardous waste includes hazard classes 4 and 5.

Contribution to Achieving Russia's National Goals

Goal	Target	Current progress	Section of the Report
Ensuring sustainable natural population growth, public health and well-being	Increase life expectancy to 78 years	<ul style="list-style-type: none"> We are developing a portfolio of medicines to treat communicable and non-communicable diseases Promomed's products are available in over 67,000 pharmacies across 85 Russian regions We support educational initiatives for medical professionals, including workshops, conferences and congresses We facilitate awareness-raising events for patients We provide voluntary health insurance to a number of employees 	<p>Innovative Product Research and Development</p> <p>Availability of Quality Medicines</p> <p>Social Initiatives and Charitable Activities</p> <p>Decent Working Environment</p>
	Increase the share of regularly exercising Russian citizens to 70%	<ul style="list-style-type: none"> We strive to promote a healthy lifestyle and support sporting events for employees 	Occupational Health and Safety
Offering self-fulfillment and professional growth opportunities	Create an effective system for identifying, upholding and developing competencies and capabilities of children and young people, to be based on fairness and inclusion and aimed at articulating their professional interests and aspirations	<p>We launched an industrial tourism programme at the Biokhimik plant. Schoolchildren and students can visit and take a look inside our pharmaceutical facilities</p> <ul style="list-style-type: none"> We offer internships for students in relevant fields We set up two labs at the Physics and Chemistry Institute of Ogarev Mordovia State University. These are an academic research lab (chemical and pharmaceutical technologies) and a scientific research lab (synthesis of active pharmaceutical substances) We support secondary schools by providing state-of-the-art woodworking equipment for their technology classes 	<p>Recruitment and Retention</p> <p>Support for Research and Educational projects</p>

<p>Raise Russia into the world's Top-10 countries in terms of R&D, including by creating an effective higher education framework;</p>	<ul style="list-style-type: none"> • We initiated launch of and collaborate with the Ogarev Mordovia State University's Department of Physiologically Active Substances-related Chemistry and Technology Studies. In 2021, the Department enrolled a record number of students (23) • We set up two labs at the Physics and Chemistry Institute of Ogarev Mordovia State University. These are an academic research lab (chemical and pharmaceutical technologies) and a scientific research lab (synthesis of active pharmaceutical substances) • We also engage with other Russian universities, for example, by employing a certain number of their students studying natural sciences 	<p>Support for Research and Educational Projects</p> <p>Recruitment and Retention</p>
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<p>Increase the percentage of people engaged in volunteering initiatives or working with volunteering organizations to 15%</p>	<ul style="list-style-type: none"> • We held a Good Deeds Week: Promoted employees and their family and friends could take part in social projects and charitable initiatives • We help Mordovia's children's homes, boarding schools and hospitals • We organized a 2021 blood donation campaign at the Biokhimik plant, in which more than 100 people took part 	<p>Social Initiatives and Charitable Activities</p>
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Ensuring a comfortable and safe living environment

<p>Create a sustainable system for handling solid municipal waste to enable 100% sorting of waste and a twofold reduction in the amount of waste sent to landfill</p>	<ul style="list-style-type: none"> • The waste generated by Biokhimik is directed to recycling (61% in 2021) 	<p>Waste Management</p>
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<p>Halve the amount of hazardous waste with the most negative impact on the environment and human health</p>	<ul style="list-style-type: none"> • We are working to modernize our production facilities, for example, by installing advanced ventilation equipment 	<p>Resource Efficiency and Lower Emissions</p>
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Promoting decent and efficient work and successful enterprise

Ensure sustainable growth of personal income and pensions at a rate equal to or above that of inflation

- We increase employee compensation annually based on the inflation rate and are developing a KPI-linked incentive system

Decent Working Environment

Ensure real growth of non-energy exports by at least 70% compared to 2020

- Promomed's products are exported to a number of CIS countries, including Belarus, Uzbekistan, Kazakhstan, Azerbaijan, Tajikistan and Kyrgyzstan, and we are working to expand this list

Availability of Quality Medicines

Driving digital transformation

Achieve digital maturity in key economic and social sectors like healthcare and education, as well as public administration

- We are developing a plan to digitalize the pharmaceutical quality system at Biokhimik
- We are developing our own R&D centre, including implementation of cutting-edge technologies

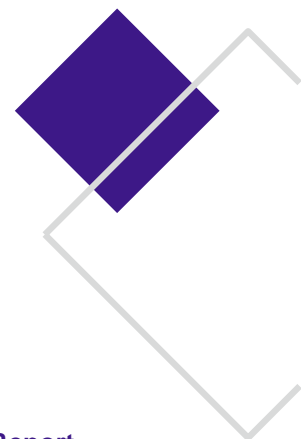
Innovative Product Research and Development

Product Quality, Efficacy and Safety



Contribution to UN SDGs

Core UN SDGs



Target

Current progress

Section of the Report

3.3
Target 3.3: By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases

- **Development of medicines** to treat communicable diseases is a priority research area for **Promomed Group**
- **We registered Ritonavir** — the first medicine in our portfolio for treatment of HIV and hepatitis C

Innovative Product Research and Development

3.4
By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being

- We are **developing a portfolio of medications** to treat non-communicable diseases (including endocrinological, oncological and neurological conditions)
- We registered **Capecitabin-Promomed**, our first cancer medication
- **We support non-profit organizations** that help patients suffering from non-communicable diseases (e.g., Stroynaya Rossiya)

Social Initiatives and Charitable Activities

3.8
Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all

- **Promomed's products are available** in over 67,000 pharmacies across 85 Russian regions
- We launched the **Areplivir for Doctors** campaign to distribute anti-COVID medicines to healthcare workers operating in 'red zones'
- **We provide voluntary health insurance to a number of our employees**

Availability of Quality Medicines

The Fight against COVID-19

Decent Working Environment

3.b

Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health and, in particular, provide access to medicines for all

- **We are developing our own R&D Centre** to focus on innovative medicine and advanced substance development; technology, economics and legal analytics, registration of intellectual properties and launch of new medicines
- **In 2021, we increased R&D expenses** by 4.1 p.p. YoY to 14.7% of revenues
- We **expanded Promomed's product offering** from 169 to 200 medicines

3.c.

Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States

We initiated launch of and collaborate with the Ogarev Mordovia State University's Department of Physiologically Active Substances-related Chemistry and Technology Studies. In 2021, the department enrolled a record number of students (23)

Support for Research and Educational Projects

- **We set up two labs** at the Physics and Chemistry Institute of Ogarev Mordovia State University. These are an academic research lab (chemical and pharmaceutical technologies) and a scientific research lab (synthesis of active pharmaceutical substances)
- **We engage with other Russian universities**, for example, by employing a certain number of their students studying natural sciences



Target	Current progress	Section of the Report
<p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors</p>	<ul style="list-style-type: none"> • We are upgrading production processes at the Biokhimik plant: a retrofitted solid dosage forms line was launched in 2021, allowing output to be increased 	<p>Availability of Quality Medicines</p>
<p>8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead</p>	<ul style="list-style-type: none"> • We ensure strict compliance with the environmental and occupational safety legislation • We are revamping our production facilities in order to use natural resources more efficiently. This includes installing up-to-date ventilation equipment and implementing energy-efficient solutions 	<p>Resource Efficiency and Lower Emissions</p>
<p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	<ul style="list-style-type: none"> • We provide equal employment, pay and career growth opportunities to men and women • We facilitate self-study among employees aged over 50 	<p>Diversity and Inclusion</p>
<p>8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	<ul style="list-style-type: none"> • We adhere to health and safety laws and continuously improve Promomed's OHS management system. Zero accidents were recorded in 2021 	<p>Occupational Health and Safety</p>



Target

9.4

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities spending

Current progress

- **Promomed Group implements** technologies to reduce production losses
- **We revamp our production facilities** in order to use natural resources more efficiently. This includes installation of up-to-date ventilation equipment and implementation of energy-efficient solutions development spending

Section of the Report

Availability of Quality Medicines

Resource Efficiency and Lower Emissions

9.5

Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and

- **In 2021, we increased R&D expenses** by 4.1 p.p. YoY to 14.7%³⁸ of revenues.
- **We support basic research** at Russian R&D centres

Innovative Product Research and Development

Support for Research and Educational Projects



³⁸ Excluding Areplivir sales.



Target

Current progress

Section of the Report

12.2

By 2030, achieve the sustainable management and efficient use of natural resources

- **The waste generated by Biokhimik** is directed to recycling (66% in 2021)
- **We revamp our production facilities** in order to use natural resources more efficiently. This includes installation of up-to-date ventilation equipment and implementation of energy-efficient solutions

Waste Management
Resource Efficiency and Lower Emissions

12.4

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle in accordance with agreed international frameworks and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

- **Promomed's medical and biological waste is directed** to disposal by contracting operators

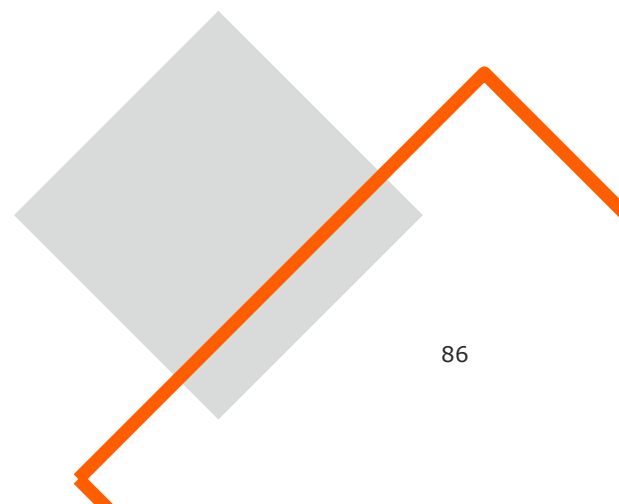
Waste Management

12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

- **The waste generated by Biokhimik** is directed to recycling (66% in 2021)

Waste Management



GRI Standards Index

GRI standards	Report Section	Comment	
GRI 102: General Disclosures 2016			
1. Organizational profile			
102-1	Name of the organization	About this Report, Reporting Approach	
102-2	Activities, brands, products and services	About Promomed Group, At a Glance, High Product Standards, Our Approach and Progress in 2021	
102-3	Location of headquarters	About Promomed Group, Regions of Presence, GRI Standards Index	13 Prospekt Mira, bldg 1, Moscow, 129090, Russia
102-4	Location of operations	About Promomed Group, Regions of Presence	
102-5	Ownership and legal form	About this Report, Reporting Approach	
102-6	Markets served	About Promomed Group, At a Glance, Regions of Presence	
102-7	Scale of the organization	About Promomed Group, At a Glance, Appendices, GRI Standards Index	Disclosure of the organisation's scale in terms of total capitalization broken down by debt and equity is not applicable in view of Promomed's legal status
102-8	Information on employees and other workers	Talent Attraction and Development, Recruitment and Retention, Appendices, Talent Metrics	
102-9	Supply chain	Corporate Governance and Responsible Business, Sustainable Supply Chain	

102-10	Significant changes to the organization and its supply chain	Corporate Governance and Responsible Business, Sustainable Supply Chain	
102-11	Precautionary approach	Corporate Governance and Responsible Business, Risk Management, GRI Standards Index	Promomed Group uses a risk-oriented approach to prevent its activities and performance exerting a negative environmental impact
102-12	External initiatives	Appendices, GRI Standards Index	Promomed Group did not take part in any external initiatives or charters during the reporting period
102-13	Membership of associations	Appendices, GRI Standards Index	Promomed Group did not take part in any external initiatives or organizations during the reporting period

2. Strategy

102-14	Statement from senior decision-maker	Message from our Chairman	
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3. Ethics and integrity

102-16	Values, principles, standards and norms of behavior	About Promomed Group, Mission and Values	Message from our Chairman
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102-17	Mechanisms for advice and concerns about ethics	Corporate Governance and Responsible Business, Business Ethics and Compliance, Recruitment and Retention, Diversity and Inclusion	
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4. Corporate governance	102-18 Governance structure	Corporate Governance and Responsible Business, Corporate Governance, Appendices, GRI Standards Index	The Company did not have Board of Directors committees in 2021
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102-19	Delegating authority	About Promomed Group, Sustainable Development	
102-20	Executive-level responsibility for economic, environmental and social topics	About Promomed Group, Sustainable Development	
102-22	Composition of the highest governance body and its committees	Corporate Governance and Responsible Business, Corporate Governance, Appendices, GRI Standards Index	The Company did not have Board of Directors committees in 2021. In 2022, we plan to adopt a regulation on the Board of Directors, which will regulate the independence of the Board members
102-23	Chair of the highest governance body	Corporate Governance and Responsible Business, Corporate Governance	
102-32	Highest governance body's role in sustainability reporting	About this Report, Reporting Approach	

5. Stakeholder engagement

102-40	List of stakeholder groups	Key stakeholder groups and engagement channels, About Promomed Group, Stakeholder Engagement	
102-41	Collective bargaining agreements	Appendices, GRI Standards Index	About 80% of all employees (and 100% of Biokhimik JSC employees) are covered by collective bargaining agreements. Close to 250 employees are members of the trades union.
102-42	Identifying and selecting stakeholders	About Promomed Group, Stakeholder Engagement	
102-43	Approach to stakeholder engagement	About Promomed Group, Stakeholder Engagement	
102-44	Key topics and concerns raised	About Promomed Group, Stakeholder Engagement	

6. Reporting practice

102-45	Entities included in the consolidated financial statements	Appendices, GRI Standards Index	The included entities are: Promomed DM LLC, Promomed Rus LLC, Biokhimik JSC, NPTs Antibiotiki LLC, Miracle Pharm LLC, Promark LLC, PROMOMED REDUXIN HOLDINGS (CYPRUS) LIMITED
102-46	Defining report content and topic boundaries	About this Report, Material topics	
102-47	List of material topics	About this Report, Material topics	
102-48	Restatements of information	Appendices, GRI Standards Index	This is the inaugural ESG report of Promomed Group
102-49	Changes in reporting	Appendices, GRI Standards Index	This is the inaugural ESG report of Promomed Group
102-50	Reporting period	About this Report, Reporting Approach	
102-51	Date of most recent report	About this Report, Reporting Approach	
102-52	Reporting cycle	About this Report, Reporting Approach	
102-53	Contact point for questions regarding the report	Appendices, Contact Information	
102-54	Claims of reporting in accordance with GRI Standards	About this Report, Reporting Approach	
102-55	GRI content index	Appendices, GRI Standards Index	
102-56	External assurance	Appendices, GRI Standards Index	The 2021 report has not been externally assured.

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its boundary	<p>Corporate Governance and Responsible Business, Business Ethics and Compliance, Sustainable Supply Chain, High Product Standards, Innovative Product Research and Development, Product Quality, Efficacy and Safety, Contribution to Healthcare Development, Our Approach and Progress in 2021, Availability of Quality Medicines, Support for Research and Educational Projects, Talent Attraction and Development, Our Approach and Progress in 2021, Decent Working Environment, Talent Development, Occupational Health and Safety Caring about the Environment, Our Approach and Progress in 2021</p>
103-2	The management approach and its component	<p>Corporate Governance and Responsible Business, Business Ethics and Compliance, Sustainable Supply Chain, High Product Standards, Innovative Product Research and Development, Product Quality, Efficacy and Safety, Contribution to Healthcare Development, Our Approach and Progress in 2021, Availability of Quality Medicines, Talent Attraction and Development, Our Approach and Progress in 2021, Decent Working Environment, Talent Development, Occupational Health and Safety, Caring about the Environment, Our Approach and Progress in 2021</p>
103-3	Evaluation of the management approach	<p>Corporate Governance and Responsible Business, Business Ethics and Compliance, Sustainable Supply Chain, High Product Standards, Innovative Product Research and Development, High Product Standards, Product Quality, Efficacy and Safety, Contribution to Healthcare Development, Our Approach and Progress in 2021, Talent Attraction and Development, Decent Working Environment, Talent Attraction and Development, Talent Development, Occupational Health and Safety Caring about the Environment, Waste Management</p>

GRI 200: Economic Disclosures

GRI 203: Indirect economic impacts 2016

Material topic: Social initiatives and charitable activities

203-1 Infrastructure investments and services supported

Corporate Governance and Responsible Business, Social Initiatives and Charitable Activities

Message from our Chairman

GRI 204: Procurement Practices 2016

Material topic: Sustainable supply chain

204-1 Proportion of spending on local suppliers

Corporate Governance and Responsible Business, Business Ethics and Compliance

GRI 205: Anti-corruption 2016

Material topic: Business ethics and anti-corruption

205-2 Communication and training about anti-corruption policies and procedures

Corporate Governance and Responsible Business, Business Ethics and Compliance

205-3 Confirmed incidents of corruption and actions taken

Corporate Governance and Responsible Business, Business Ethics and Compliance

GRI 206: Anti-Competitive Behavior 2016

Material topic: Business ethics and anti-corruption

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206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	Appendices, GRI Standards Index	In the reporting period, no actions were taken against the Company for anti-competitive behavior, anti-trust and monopoly practices
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GRI 300: Environmental Disclosures

GRI 302: Energy 2016

Material topic: Efficient use of resources

302-1	Energy consumption within the organization	Caring about the Environment, Resource Efficiency and Lower Emissions, Appendices, GRI Standards Index	Promomed Group does not consume renewable fuel. Energy and heat consumption are disclosed on the basis of meter readings. We used the International System of Units conversion factors
302-3	Energy Intensity	Caring about the Environment, Resource Efficiency and Lower Emissions	

GRI 303: Water and effluents 2018

Material topic: Efficient use of resources

303-1	Interactions with water as a shared resource	Caring about the Environment, Resource Efficiency and Lower Emissions	
303-2	Management of water discharge-related impacts	Caring about the Environment, Resource Efficiency and Lower Emissions	
303-3	Water withdrawal	Caring about the Environment, Resource Efficiency And Lower Emissions	

GRI 305: Emissions 2016Material topic: Efficient use of resources

305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Caring about the Environment, Resource Efficiency and Lower Emissions
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GRI 306: Waste 2020Material topic: Waste management

306-1	Waste generated and significant waste-related impacts	Caring about the Environment, Waste Management
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306-2	Management of significant waste-related impacts	Caring about the Environment, Waste Management
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306-3	Waste generated	Caring about the Environment, Waste Management Appendices, Environmental Metrics
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306-4	Waste diverted from disposal	Caring about the Environment, Waste Management Appendices, Environmental Metrics
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306-5	Waste directed to disposal	Caring about the Environment, Waste Management Appendices, Environmental Metrics
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GRI 400: Social Disclosures

GRI 401: Employment 2016Material topic: Employee well-being and development

401-1	New employee hires and employee turnover	Talent Attraction and Development, Recruitment and Retention, Appendices, Talent Metrics
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent Attraction and Development, Recruitment and Retention
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401-3	Parental leave	Talent Attraction and Development, Decent Working Environment, Appendices, Talent Metrics
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GRI 402: Labor/Management Relations 2016

Material topic: Employee well-being and development

402-1	Minimum notice periods prior to the implementation of significant operational changes	Appendices, GRI Standards Index	The Company complies with the Russian Labor Code requirements regarding the minimum notice periods for significant operational changes. In particular, notice must be provided at least two months prior to the changes or, if a decision to reduce the number or quota of employees might result in collective layoffs, at least three months prior to the changes
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GRI 403: Occupational Health and Safety 2018

Material topic: Occupational health and safety

403-1	Occupational health and safety management system	Talent Attraction and Development, Occupational Health and Safety
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403-2	Hazard identification, risk assessment and incident investigation	Talent Attraction and Development, Occupational Health and Safety Appendices, GRI Standards Index	We are committed to a non-retaliation policy covering all employees for reporting workplace hazards that result in suspension of work
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403-3	Occupational health services	Talent Attraction and Development, Occupational Health and Safety
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403-4	Worker participation, consultation, and communication on occupational health and safety	Talent Attraction and Development, Occupational Health and Safety Appendices, GRI Standards Index	Promomed Group has no health and safety committees since they are not required by the Russian legislation
403-5	Worker training on occupational health and safety	Talent Attraction and Development, Occupational Health and Safety	
403-6	Promotion of worker health	Talent Attraction and Development, Occupational Health and Safety	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Talent Attraction and Development, Occupational Health and Safety	
403-8	Workers covered by an occupational health and safety management system	Talent Attraction and Development, Occupational Health and Safety, Appendices, GRI Standards Index	Our OHS management system covers all contractor employees
403-9	Work-related injuries	Talent Attraction and Development, Occupational Health and Safety, Appendices, GRI Standards Index	We do not keep records of work-related injuries to contractor employees

GRI 404: Training and Education 2016

Material topic: Employee well-being and development

404-1	Average hours of training per year per employee	Talent Attraction and Development, Talent Development, Appendices, Talent Metrics
404-2	Programmes for upgrading employee skills and transition assistance programmes	Talent Attraction and Development, Talent Development, Recruitment and Retention, Diversity and Inclusion

GRI 416: Customer Health and Safety 2016

Material topic: The quality and safety of medicines

416-1	Assessment of the health and safety impacts of products and service categories	High Product Standards, Product Quality, Efficacy and Safety, Appendices, GRI Standards Index	We exercise control over the quality and safety of 100% of our products
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	High Product Standards, Product Quality, Efficacy and Safety, Appendices, GRI Standards Index	In 2021, we received one warning concerning documentation. As a result, we made changes to our regulations without impacting on patient safety. The medicine is on the market

GRI 417: Marketing and Labelling 2016

Material topic: The quality and safety of medicines

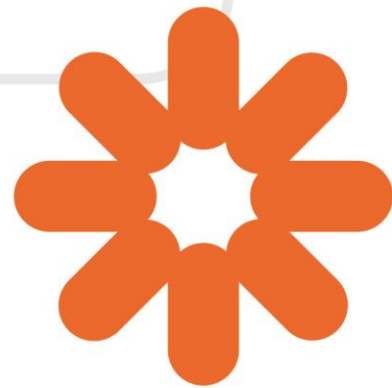
417-1	Requirements for product and service information and labelling	High Product Standards, Product Quality, Efficacy and Safety	
417-2	Incidents of non-compliance concerning product and service information and labelling	Appendices, GRI Standards Index	No incidents of non-compliance occurred in the reporting year
417-3	Incidents of non-compliance concerning marketing communications	Appendices, GRI Standards Index	No incidents of non-compliance occurred in the reporting year

Abbreviations

Abbreviations	Meaning
ASNA	Association of Independent Pharmacies
EEU	Eurasian Economic Union
VEM	Vital and essential medicines
KPIs	Key performance indicators
FMEA	Failure Mode and Effects Analysis
PHA	Preliminary Hazard Analysis
R&D	Research and Development
UN	United Nations
OHS	Occupational health and safety
RAS	Russian Academy of Sciences
QMS	Quality Management System
UN SDGs	United Nations Sustainable Development Goals
ESG	Environment, Social and Governance
FAR	Fatal Accident Rate
GCP	Good Clinical Practice
GDP	Good Distribution Practice
GMP	Good Manufacturing Practice
GRI	Global Reporting Initiative
TRIFR	Total Recordable Injury Frequency Rate
ISO	International Organization for Standardization
MBA	Master of Business Administration

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esg

Promomed Group
2022 ESG Report