



# ESG

ENVIRONMENT  
SOCIAL  
GOVERNANCE

20  
REPORT  
23



**ALKALOID  
SKOPJE**

*Health above all*





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## ADDRESS OF THE CEO/MB PRESIDENT OF ALKALOID AD SKOPJE

**Dear shareholders and stakeholders of Alkaloid AD Skopje,**

Alkaloid's ESG report serves as a framework to transparently illustrate to all stakeholders how the organization upholds the principles of environmental protection, social responsibility, and responsible governance-core pillars of sustainable and ethical business practices.

The report contains qualitative insights into our environment conservation efforts, community engagement initiatives, and corporate governance policies. It also includes quantitative metrics that gauge the company's performance regarding risks, opportunities, and achieving key ESG strategy objectives. When preparing this report, we again adhered to the Global Reporting Initiative (GRI) Standards due to their global recognition, comprehensiveness, and adaptability.

Environmental protection is as a paramount priority within our business strategy. Our company has a thoroughly crafted and diligently executed integrated management system (IMS) that aligns with good manufacturing practice standards and internationally recognized benchmarks. These standards affirm our commitment to manufacturing products of impeccable quality, safety, and efficiency, meeting consumer demands, legal requisites, and international standards. Our long-term environmental goals revolve around reducing CO<sub>2</sub> emissions, increasing recyclable waste, enhancing the use of recycled packaging, and establishing an environmentally based supplier approval process (as outlined in GRI 308) for new suppliers by 2025. We also seek to enhance overall energy management practices.

Furthermore, our corporate strategy underscores a holistic approach to our impact on the communities in which we operate. Throughout 2023, we continued executing many projects and initiatives tailored to local needs. We make substantial investments to boost and improve various aspects of the social landscape.

Human capital is a cornerstone of our company, representing a reservoir of invaluable knowledge, experience, and skills. Guided by our core value that people are above all, we express our commitment to sustainable development through transparent and ethical conduct. As of 31 December 2023, out of the total 2843 employees within the Alkaloid Group, 58% were women and were 42% men, with 48% women and 52% men in management bodies. Our commitment to equal opportunities and treatment for all employees promotes an environment where everyone can showcase their potential and contribute to our collective success. Applying the Code of Ethics and Professional Conduct is integral to our daily operations and process management. As a cornerstone of our ethical and corporate culture, it promotes integrity, honesty, value-based leadership, and teamwork to achieve optimal results.

The 2023 ESG report, prepared by the ESG board and endorsed by the company's top management, encapsulates our operations from 1 January to 31 December 2023. We will openly and comprehensively disseminate this report across all company public communication channels. For the first time this year, the ESG report includes information about achieving the ESG indicators at Alkaloid AD Skopje's subsidiaries.

**Zhivko Mukaetov**

Chief Executive Officer/MB President of Alkaloid AD Skopje

## Who We Are!

A healthy human body can evoke more than mere admiration. At ALKALOID, we find it a constant inspiration and a valuable gift of nature that we strive to protect and preserve. With unwavering passion, we create products synonymous with top quality. We constantly invest in realizing our dream of a healthier life for every individual because we believe that **HEALTH COMES ABOVE ALL**.

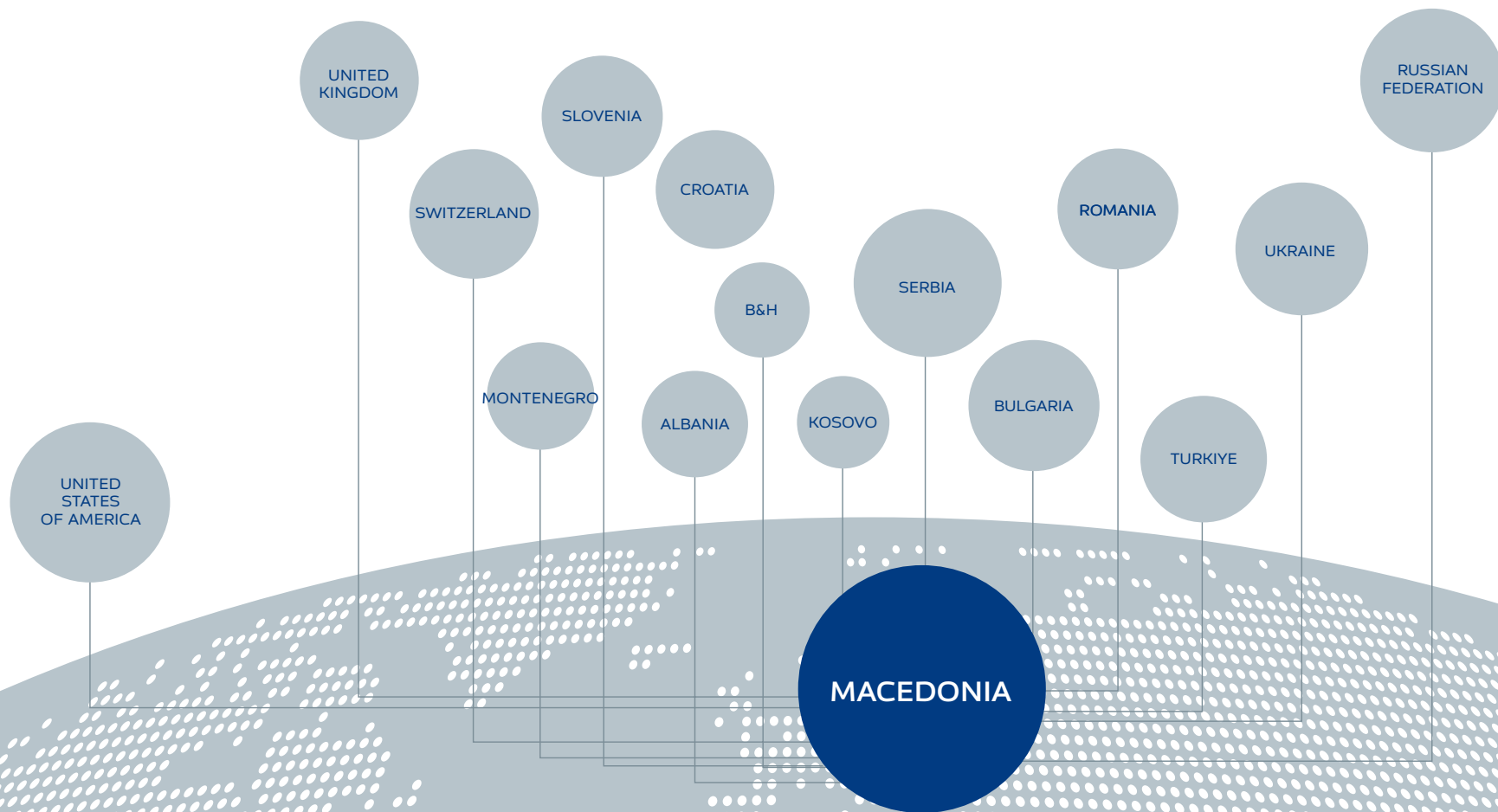
ALKALOID has been producing medicines, cosmetic and chemical products, and processing herbal raw materials for nearly nine decades.

ALKALOID is a joint-stock company with two profit centres: Pharmaceuticals and Chemicals, Cosmetics and Botanicals. 5.487 shareholders, individuals, and legal entities hold shares in ALKALOID.


Presently, ALKALOID boasts almost 80.000 square meters of production facilities. It employs 2.103 people within ALKALOID AD Skopje and 740 within the subsidiaries, working in 24 subsidiaries and two representative offices (Serbia, Montenegro, Kosovo, Albania, Bosnia and Herzegovina, Croatia, Slovenia, Switzerland, Bulgaria, Turkey, Ukraine, the Russian Federation, the USA, Great Britain, and Romania). It sells 69% of its products in over 40 countries worldwide.

Over the past 15 years, ALKALOID has invested over €220 million in production facilities, laboratories, research and development facilities, top-notch technology, continuous employee education, and state-of-the-art software. These investments enable the company to offer superior quality products that meet the strictest standards for good manufacturing practice, as confirmed by prestigious organizations.


ALKALOID's key priorities remain the well-being of its employees, shareholders, the environment, business partners, the healthcare system, and, above all, people's health.



**2103**  
Employees  
in  
ALKALOID AD



**740**  
Employees  
in  
subsidiaries



**5487**  
Shareholder  
Entities



## Company activity



### **Pharmaceuticals**

People build high – to see further.  
People build together – to be closer.  
People build strong – to feel safer.  
We build for people to achieve better  
health because  
...HEALTH COMES ABOVE ALL!

### **Botanicals**

The Botanicals Department produces a range of teas under the GOOD NATURE brand and various products such as spices, dried vegetables, Zachinal food additives, iodized salt, and more under the GRINI label





### Cosmetics

ALKALOID's almost 90 years of experience and tradition are founded on the high-quality range of products offered by ALKALOID - Cosmetics. The product line includes skincare products for all skin types, including children's, hair care products, a perfume collection for women and men, and household cosmetics.

### Chemicals

The Chemicals Department has developed a program for producing pure chemicals and reagents of organic and inorganic origin. These products range from pro analysis, reagent grade, purum, and pharmacopeia quality for laboratory, industrial, and general consumption. Additionally, there are products for agricultural production, medicinal purposes, and cleaning and disinfecting.



## Economic indicators

### Total revenue

The total unconsolidated revenue for 2023 amounted to MKD 12.765.496 thousand, representing an 10% growth compared to the previous year. Sales of products and services accounted for the majority of this revenue, constituting 96% of the total and reflecting a 16% increase from 2022.

The total consolidated revenue for 2023 reached MKD 16.957.698 thousand, marking an 10% rise from 2022. Sales of products and services comprised 97% of the consolidated revenue, also experiencing a 16% growth compared to the previous year.

### Sales Revenue

In 2023, unconsolidated sales amounted to MKD 12.261.902 thousand, reflecting a 16% year-over-year growth. Similarly, total consolidated sales reached MKD 16.512.978 thousand, also experiencing a 16% increase compared to the previous year.

### Total Expenses

Unconsolidated expenses for 2023 totaled MKD 11.113.657 thousand, marking an 11% increase compared to 2022.

Consolidated expenses for 2023 amounted to MKD 15.172.038 thousand, also showing an 11% growth compared to the same period in 2022.

### Cost of Employees

In 2023, employee costs amounted to MKD 2.448.537 thousand, representing 22% of the company's total expenses. These costs reached MKD 3.795.651 thousand at the group level, constituting a quarter of the total expenses. These expenses include gross wages, food allowances, annual leave allowances, severance pay, redundancy compensations, and other related costs. Employee costs experienced a 16% increase compared to 2022.

### **Dividend**

During the Annual Meeting of Shareholders on 3 April 2023, a gross dividend of MKD 701.363 thousand was approved for the fiscal year 2022. This gross amount translates to MKD 441 net per share. Compared to the MKD 396 net dividend per share distributed in 2021, this represents an increase of 11,36%.

### **Investments**

In 2023, a total of MKD 1.741.562 thousand was allocated for investments in fixed assets. This marks an 18% increase compared to the investment made in the previous year. Notably, the substantial growth in investments can be attributed to ALKALOID's significant project, the construction of a new manufacturing department for producing solid forms 2. This investment represents the company's largest undertaking in the past two decades and is expected to more than double the manufacturing capacity for solid forms.

### **Taxes and other duties paid to the state**

In 2023, ALKALOID paid MKD 1.499.060 thousand in taxes and other duties.

### **Performance Results**

Standalone earnings before interest, taxes, depreciation, and amortization (EBITDA), stood at MKD 2.572.486 thousand, marking an approximately 8% increase. Meanwhile, the net income amounted to MKD 1.520.547 thousand, reflecting an 8% growth compared to the previous year.

The EBITDA reached MKD 2.750.021 thousand on a consolidated level, indicating a 8% rise. Similarly, the consolidated net income amounted to MKD 1.576.864 thousand, representing an 8% increase.

For more information, see the Annual Performance Report.

### Employee retirement benefits

The Company has both defined benefit and defined contribution plans.

- Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.
- A defined contribution plan is a pension plan under which the Company pays contributions into publicly and privately administered pension plans on a mandatory basis. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The liability recognized in the unconsolidated Statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality

corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

The Company pays contributions to publicly or privately administered pension insurance plans on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee retirement benefits recognized in the stand-alone financial statements reached MKD 57.343 thousand, while in the consolidated financial statements amounted to MKD 59.698 thousand.

For more information, see the Annual Operations Report

### **Government grants and tax relief**

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the unconsolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

In 2023, the company received MKD 123 million in Government grants under the Law on Financial Support of Investments.

In accordance with the tax laws in the country, the company has MKD 92.562 thousand tax relief in 2023.

## About the ESG report

The 2023 ESG report of ALKALOID AD Skopje continues our corporate dedication to transparency and regular communication with stakeholders. It details our activities in key ESG areas and the progress achieved in implementing our strategy through key ESG indicators.

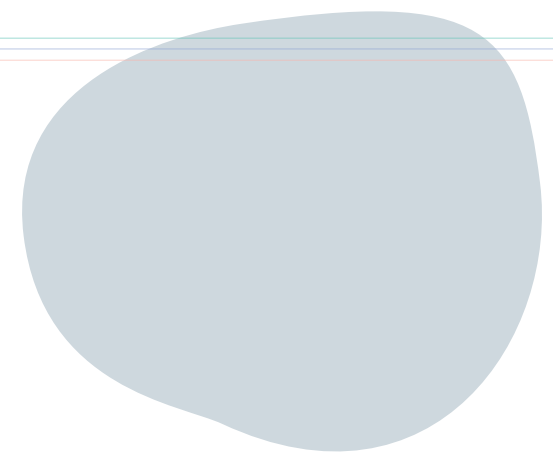
As a socially responsible company, we recognize the value of detailed ESG reporting. This separate ESG report offers stakeholders a comprehensive and clear view of our risk management and commitment to these areas. The report combines qualitative insights into our environmental improvements and societal contributions with quantitative data measuring our performance in managing risks, seizing opportunities, and achieving the company's ESG strategy goals. Consistent with our 2022 practices, we continue to track and report ESG indicators in 2023, aligning with the specific requirements of the GRI standards.

The 2023 ESG report was drafted by our ESG board and received top management's approval. It comprehensively details our operations from **January to December 2023** and will be fully disclosed across all company public communication channels.

This year's report presents ESG indicator performance by ALKALOID's affiliated companies for the first time.

In preparing this report, we adhered to our established practice of using the globally recognized GRI standards, known for their comprehensiveness and flexibility. The company also continues to comply with all non-financial reporting regulations and other globally recognized ESG reporting frameworks and standards (ESRS, IFRS, SASB, etc.).

We have included a **GRI reference table** in this ESG report to facilitate easy access to information.



## ESG at ALKALOID

### The ESG Board

The ESG Board comprises members from various company segments, each contributing their knowledge, experience, and expertise to ESG management and reporting. Directly accountable to the top management, the Board regularly reports its activities to the CEO and senior management. It also updates the Supervisory Board, the Management Board, stakeholders, and external auditors as needed. The Board holds regular monthly meetings, focusing on implementing ALKALOID's ESG strategy, proposing long-term and short-term ESG goals, establishing an effective system for measuring key ESG indicators, preparing the ESG report, and communicating ESG information to stakeholders. Beyond these duties, the ESG Board plays a crucial role in promoting ESG awareness among employees, fostering an ESG culture throughout the company, and identifying new opportunities for improvement within the ESG domain.

In 2023, the ESG Board diligently monitored the implementation of the ESG strategy, brought ESG principles closer to the employees and stakeholders, expanded the ESG scope to ALKALOID's affiliates, responded promptly and thoroughly to business partners' and institutions' inquiries, and enhanced goal reporting with additional, new ESG indicators.

### **Environmental and social policy (ESG policy)**

ALKALOID's ESG policy underscores our dedication to continually enhancing all ESG aspects fundamental to ethical operations and professional success. This policy aligns seamlessly with our mission and vision, emphasizing the protection of stakeholder interests. It complements the company core values outlined in our Code of Ethics and Professional Conduct.



### **ESG reporting procedure**

The ESG reporting procedure outlines our concept and strategy for managing and reporting on environmental, social, and governance issues. This procedure details every step necessary to gather timely, accurate, and relevant data on ESG risk management within our company.

### **ESG indicators**

ESG indicators are essential tools for monitoring our progress and achievements against defined ESG goals. These indicators are systematically integrated into key company processes related to ESG, ensuring consistent tracking and evaluation of our performance.

### **Stakeholder Communication**

Building and maintaining trust with and among stakeholders is crucial for long-term, stable relationships. Our stakeholder relations policy identifies critical stakeholders and sets forth the fundamental principles and methods of interaction with them.





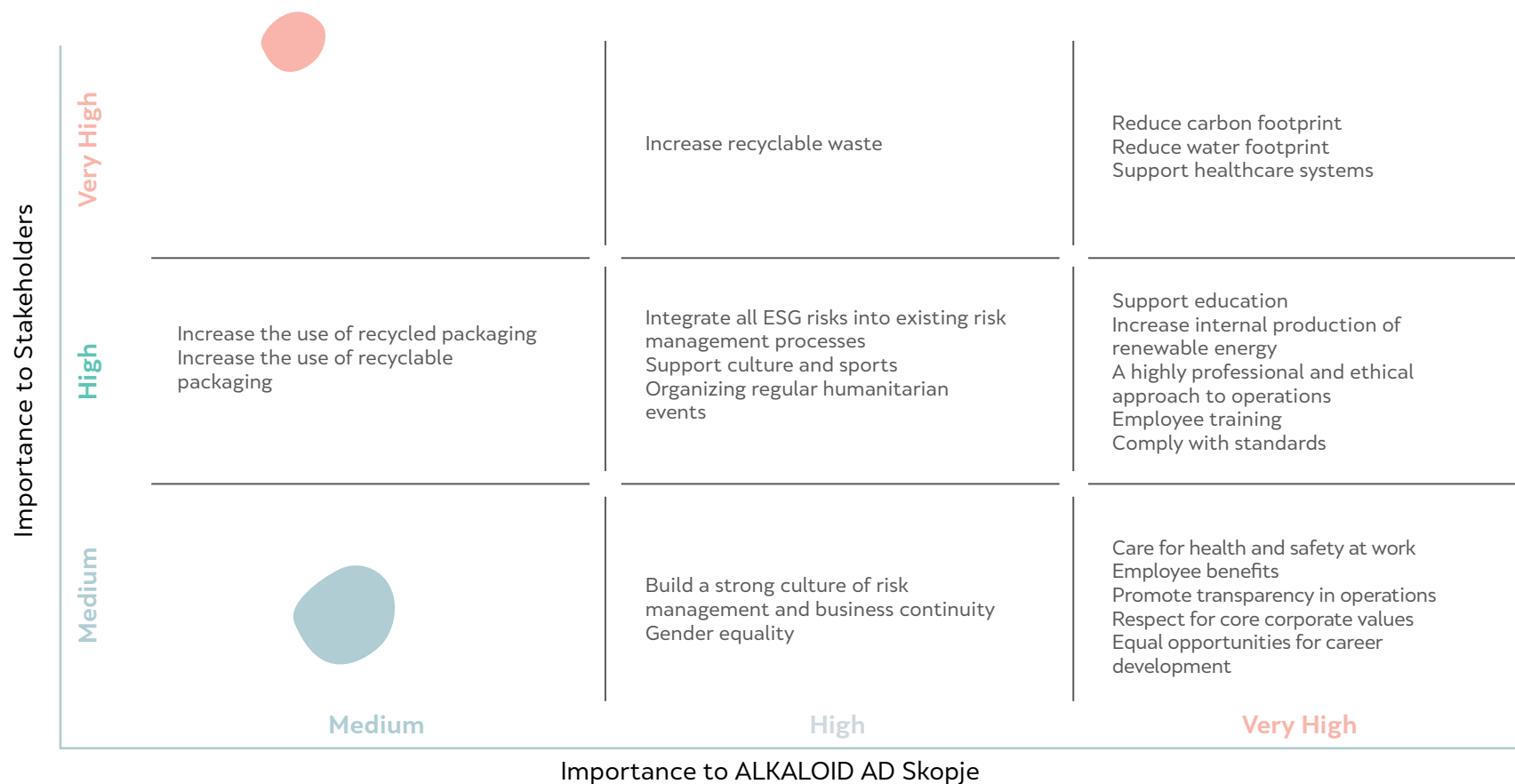
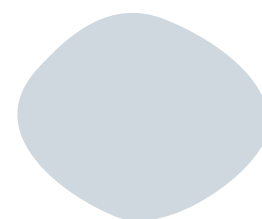


## The most important ESG topics for ALKALOID AD

### **Materiality/Significance**

In 2022, we assessed the materiality/significance of our company's ESG topics using a combined approach of interviews and surveys with both external and internal stakeholders. This involved discussions with senior management, employee satisfaction surveys, buyer surveys, and research on the Macedonian Stock Exchange, among others. These efforts helped us pinpoint topics of significance to our stakeholders and the company. We identified 21 key ESG topics where we believe our impact is most significant and profoundly affects our operations. We have established specific short-term and long-term objectives for each of these topics, along with corresponding indicators to track progress and achievement. It is important to note that while there is a gradation in importance, all identified topics are significant and interrelated and, thus, should not be viewed in isolation.

# ESG Material Topics



### **The Current Situation**

Despite the ongoing multi-crisis environment in society and our surroundings, ALKALOID remains steadfast in executing its ESG strategy, encompassing both short-term and long-term goals. We firmly believe that addressing and contributing to the needs of our community and the people around us is vital to overcoming new challenges.



ESG

## The ALKALOID's ESG Strategy

Our ESG strategy addresses how we manage and deal with environmental and social responsibilities and adds new value to our company. In formulating this strategy and its goals, we considered the United Nations Sustainable Development Goals (SDGs). We have pinpointed those goals where our activities can positively impact and contribute to a better future. The SDGs offer a global blueprint for sustainability, and the United Nations Global Compact translates these goals into sustainable business drivers with economic and social benefits to the environment and people worldwide. Actively participating and contributing to these goals through our daily operations is vital for us.

# United Nations Sustainable Development Goals (SDG)



ENVIRONMENT  
SOCIAL  
GOVERNANCE

STRATEGY

Implementing  
and Developing  
the ESG Segment

Care for  
the environment

Supporting the community  
in which we work and live

People Above All!

Transparency,  
business ethics  
& risk management

## LONG-TERM GOALS

- Reduce carbon footprint emissions
- Increase recyclable waste
- Increase the use of recycled packaging
- Establish a supplier approval process aligned with environmental criteria and GRI 308 for new suppliers by 2025
- Improve Energy Management



- Our main goal is to give back to the community in which we live and work
- ALKALOID is recognised as a secure workplace




- Care for the health, safety, and welfare of employees, stakeholders, and individuals interacting with the company and within the vicinity of ALKALOID's operations



- Enhance transparency in stakeholder communication
- Attain and uphold comprehensive corporate compliance with internal acts concerning ethical conduct, company ethos, and environmental benchmarks
- Cultivate a robust risk management and business continuity culture by seamlessly integrating risks with ESG considerations
- Promote good corporate governance





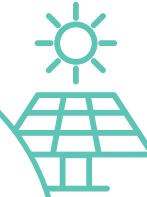
A photograph of a laboratory bench with several pieces of glassware. In the foreground, there are several Erlenmeyer flasks and beakers. One flask contains a yellow liquid, another a green liquid, and others contain clear liquids. The background is slightly blurred, showing a person in a white lab coat and other laboratory equipment. A large, semi-transparent white circle is overlaid on the right side of the image, containing the text.

## II. Our Results in 2023

## 2023 ESG Highlights at ALKALOID AD Skopje



Scope 1  
greenhouse gases  
reduced by **13%** and  
Scope 2 emissions  
by **62%**



**2385 MWh**  
of electricity  
produced from own  
photovoltaic  
plants

**20%**  
of new hires  
came from the  
**Young Talents  
Program**



**230**  
new hires

Share of  
**women's  
participation**  
in management  
bodies  
increased



Annual energy  
savings of  
**350 MWh**  
achieved



**June - ESG  
Month at  
ALKALOID**  
Informational  
and educational  
campaign



**ECOVADIS -**  
Commitment Badge  
in recognition of  
your sustainability  
achievement



**"Thank You for Our Today!"**  
 - A Project Dedicated to Caring for Our Retired Employees



**13.34%** of the electricity, and **5.49%** of the total energy we use is produced by our own photovoltaic plants



**119 hours** - average hours of training per employee



**62%** of the total electricity used is produced from renewable sources



Energy Intensity is reduced by **9%**



**AlkaTVInfo** - a digital tool for internal communication



National award for **Best Implemented Occupational Safety and Health Management System in 2023**



**Most Transparent Listed Company in 2023** - Media Choice



**447 students** - participated in company organized development activities










2023 Progress against  
our short-term goals















## Environment

 Completed  Ongoing

| Short-term goals for 2023   | Status  | Implemented activities   |
|---|---|--|
| <b>Care for the environment</b>   |   |  |
| Set up measures to reduce carbon footprint for 2023, 1% carbon reduction footprint compared to 2022   |  | <ol style="list-style-type: none"> <li>1. Organised working meetings with Municipalities to negotiate future projects for afforestation, establishment of green corners, and workshops with the youth</li> <li>2. Organised working meetings with the collective processor for packaging waste to agree on future projects promoting waste management best practices</li> <li>3. Developed a questionnaire to gather data on current employee transportation practices and how to improve them</li> <li>4. Provided benefits (discounts and installment plans) for alternative modes of transportation</li> <li>5. Three hybrid vehicles acquired</li> </ol> |
| Map waste generation processes by waste type and manufacturing activity, (100% of processes at all three sites, 3 maps for the Avtokomanda site, 4 maps for the Gjorche Petrov site, 1 map for the Aerodrom site) – 2023 (annual measurement) |  | 8 waste generation maps created  |
| Analyse sustainable packaging to obtain data on: <ol style="list-style-type: none"> <li>1. Using recyclable packaging</li> <li>2. Using packaging produced from recycled material</li> </ol>  |  | Activity 1 is completed.<br>Activity 2 is ongoing; with goals defined for 2024.  |
| Increase generation of own renewable energy. Design and instal photovoltaic powerplants. Implement 3 investments (projects) to increase the generation of own energy  |  | 3 new Photovoltaic powerplants installed in 2023   |
| Reduce 1% in specific water consumption annually  |  | Several projects completed and ongoing to achieve this goal in 2024  |
| Reduce a minimum of 1% in specific energy consumption annually  |  | Accomplished (9-10% reduction achieved)  |
| Reduce energy emissions by at least 1% annually   |  | By implementing energy saving and emissions reduction projects   |

## Social













 Completed  Ongoing

| Short-term goals for 2023   | Status   | Implemented activities   |
|---|--|--|
| <b>Supporting the community in which we work and live</b>   |  |  |
| Raise awareness of general public through informative and educational content on social responsibility topics   |    | - "60 seconds of health" digital campaign<br>- integrated marketing campaign "How are you?"<br>- Becutan's project supporting parents  |
| Support sports and sports activities  |    | - Promoting and supporting handball and handball clubs RK Alkaloid and RK Multiesense<br>- Promoting and supporting chess, the chess club, activities, chess school, etc.  |
| Organise regular humanitarian and charity events and activities   |    | Humanitarian activities with the Red Cross of the City of Skopje:<br>- 2 blood donation drives were carried out, over 240 registered, 192 blood units donated<br>- clothing donation campaign carried out, almost 1 ton of clothing donated<br>- food donation campaign carried out, almost 1 ton of food donated  |
| Organise awareness-raising and environmental protection activities  |    | - The afforestation action moved to next year (2024).  |
| Continuously encourage employees to get involved in our corporate social responsibility initiatives   |  | Employees receive regular updates through effective internal communication channels such as electronic messages, Viber messages, posters, the AlkaTVInfo information system, etc. These updates provide detailed information about ongoing projects, how they are implemented, and opportunities for participation. Employees are consistently motivated and encouraged to register, get involved, and contribute to activities voluntarily. |
| <b>People Above All!</b>  |  |  |
| Provide a health benefits package (supplementary health insurance) exceeding national standards for all employees, including additional benefits for their family members |  | In 2023, the project to provide supplementary health insurance for all employees, along with additional benefits for their family members, continued.  |
| Continue the Benefits for Children of Employees project, caring for our employees and their families  |  | As of 31 December 2023, 664 children were actively enrolled in this program.   |
| Maintain an average employee satisfaction rate of at least 70%  |  | In the survey we conducted in 2023, 1492 employees took part; the employee satisfaction index was 71.94%.  |
| Equal opportunities for career development<br>- talent management process / new job systematization   |  | Job systematization is underway. In 2023, activities continued within the talent management system through young talent programs, employee development plans, and performance management systems.  |
| Provide training and education to employees aligned with career and development plans and annual training plan  |  | In 2023, the average number of training hours per employee was 119.36.   |
| Maintain employee turnover below 4% in 2023   |  | Employee turnover for 2023 is 3.05%  |
| Build and maintain an inclusive, positive and respectful work environment for everyone  |  | Corporate newspaper "Health Above All";<br>AlkaSpeakUp platform for anonymous reporting of non-compliance with the Code of Ethics and Professional Conduct and company values;<br>"One working day" at ALKALOID campaign, etc.   |

| Short-term goals for 2023   | Status | Implemented activities  |
|---|--------|---|
| Ensure equal opportunities and treatment for all employees  | ✓      | We create an environment where each employee has opportunity to demonstrate their strengths, then by enhancing overall company success  |
| Initiate employee welfare programs  | ✓      | Contract signed with Challenger to use a demo version of the app in 2023. Planned adoption of the full app in 2024.   |
| Provide scholarships for the best students via the "Trajche Mukaetov" Foundation  | ✓      | The "Trajche Mukaetov" Foundation awarded 40 new scholarships in the 2023/2024 academic year.   |
| Implement the young talents - internship program  | ✓      | The young talents program continues to evolve and improve annually. In 2023, the program achieved an employability rate of 20% of all employments.  |
| Increase the use of ALKALOID's Education Centre by educating pupils and students in young talents programs and training and educating employees | ✓      | In 2023, the Young Talents Program fostered collaboration with educational institutions, primarily targeting the Faculty of Pharmacy. Development activities contributing to greater use of the Education Centre included: <ul style="list-style-type: none"> <li>• 159 students held exercises in the Training Laboratory.</li> <li>• 81 students attended theoretical lectures with practical exercises and examples.</li> </ul>  |
| <b>Recognition of ALKALOID as a safe working environment</b>  |        |   |
| Reduce employee injury rate by 10% in 2023 compared to 2022 (LTIFR and LTISR)   | ✓      | 33 injuries in 2023, 44 injuries in 2022<br>LTIFR - target achieved, reduced by 29%<br>LTISR - target achieved, reduced by 33%  |
| The rate of injuries and occupational diseases of external contractors' employees reduced to zero   | ✗      | Target not achieved - 1 contractor employee was injured. The injury rate/severe injury rate has increased by 100% compared to 2022 and is 5.0.  |
| Increase the number of reported near-miss accident - 10% more reports compared to 2022  | ✓      | Target achieved: an 82% increase - 17 registered in 2022, 31 registered in 2023.  |
| Increase the number of employees receiving specialised trainings in safety and health at work and fire and explosion protection                 | ✓      | 1. Trainings pursuant to legal requirements. Target: Average success/effectiveness rate in OHS training tests > 85% - Target achieved - 94.73%.<br>2. First aid trainings. Target: Increase the share of trained employees by 100% compared to 2022 - Target exceeded by 280%.<br>3. Training in protection and rescue in accidents/incidents. Target: Evacuation of employees during an operational tactical exercise <5 minutes - Target achieved - 4 minutes and 47 seconds.<br>4. Practical training for fire and explosion protection. Target: A minimum of 300 employees trained, including 100% of new employees in the current year - Target achieved - 258% and 100% of new employees. |
| Analyse jobs requiring personal protective equipment (PPE)  | ✓      | Target achieved; job analysis completed.  |
| Implement of 5S (Lean methodology)  | ✓      | 5S implementation plan for 2023 completed. Concerning the plan for future activities - the 2024 5S method implementation plan will be revised, as the awareness of responsible persons and employees has increased earlier than envisaged.  |

## Governance

 Completed  Ongoing

| Short-term goals for 2023  | Status  | Implemented activities   |
|--|---|--|
| <b>Transparent, ethical operation and efficient risk management</b>  |   |  |
| Regularly communicate with key stakeholders and report annually on relevant ESG data, complying with leading disclosure standards  |    | Stakeholder Relations Policy adopted<br>ESG report adopted and published   |
| Increased employee awareness of ESG - topics, goals, strategy, culture of quality, and importance of each employee in achieving our goals  |    | June 2023 was declared as ESG Month, with a series of activities conducted, raising awareness on ESG topics, including direct and indirect communication with all employees through direct, informative electronic messages, posters at all sites, publication of information via AlkaTVInfo, distribution of leaflets and brochures, etc. |
| Corporate ethics and compliance standards are fully integrated into the operation of our subsidiaries  |    | Code of Ethics and Professional Conduct presented to subsidiary employees and managers   |
| Ethical, legal, and pharmaceutical compliance maintained   |    | The Corporate Compliance Officer continuously engaged in maintaining ethical and pharmaceutical compliance<br>The Corporate Legal Service continuously engaged in maintaining legal and pharmaceutical compliance  |
| Technically upgrade and improve the AlkaSpeakUp web platform for simpler access and use by reporting parties; obtain better quality reports for decision-making procedures following reports of violation of the Code of Ethics and Professional Conduct |    | The AlkaSpeakUp platform is set to provide more and relevant information from reporting parties<br>AlkaSpeakUp platform improved   |
| Enable access to AlkaSpeakUp on web pages of subsidiaries that currently lack it   |  | AlkaSpeakUp access on subsidiaries' web pages is enabled   |
| Protect personal data<br>Implement IT security measures for personal data encryption<br>Establish Procedure for selection of personal data processors  |  | A working group to start the encryption of data sets was established<br>Working group drafting the Procedure is established - drafting is in the final stage   |
| Strengthen the role and activities of the Corporate Secretary  |  | The Corporate Secretary participates in company management bodies<br>Coordinates the ESG Board operation<br>Coordinates the participation in the Eco Vadis platform  |
| Implement awareness-raising campaigns for employees and managers regarding the importance of Corporate Compliance through workshops and other direct training activities   |  | Trainings for executives on Conflict of Interest Management Policy and Stakeholder Relations Policy implemented<br>The Corporate Compliance Officer has direct communication with employees  |
| Continue efforts on gender representation in administrative bodies   |  | The share of women in the Supervisory Board increased  |
| Establish Supplier Code of Conduct   |  | The document was adopted and approved by the management board in October 2023.<br>The related action plan is dynamic.  |
| Integrate all ESG risks into existing operational and strategic risk management processes/databases  |  | ESG risks are integrated into the strategic risk management process through the strategic goals set  |



## Overview of ALKALOID's most important ESG indicators

You can find more information about these and other ESG indicators in the ESG report and its annexes

| Indicator   | 2022         | 2023         | Measurement Unit | GRI/ other ESG indicators |
|---|--------------|--------------|------------------|---------------------------|
| Total waste generated   | 815,62       | 775,20       | t                | GRI: 306-3-a              |
| Hazardous waste   | 115,73       | 118,73       | t                | GRI: 306-3-a              |
| Non-hazardous waste   | 699,89       | 656,47       | t                | GRI: 306-3-a              |
| Recycled waste  | 697,39       | 670,33       | t                | GRI: 306-4-a              |
| Deposited waste   | 118,32       | 104,87       | t                | GRI: 306-5-a              |
| Municipal waste   | 4.550,00     | 8.640,00     | m3               | GRI: 306-5-a              |
| Surface water   | 0,00         | 0            | ML               | GRI: 303-3                |
| Underground water   | 143,99       | 154,77       | ML               | GRI: 303-3                |
| Water obtained from a third party   | 190,92       | 189,37       | ML               | GRI: 303-3                |
| Surface water + Groundwater + Water obtained from a third party           | 334,90       | 344,14       | ML               | GRI: 303-3                |
| Electric energy   | 13.778,00    | 12.801,55    | MWh              | GRI-302-1                 |
| Oil   | 196.250,00   | 126.490,00   | L                | GRI-302-1                 |
| Natural gas   | 2.235.058,00 | 2.046.652,00 | Nm3              | GRI-302-1                 |
| Emissions from stationary sources - Scope 1                               | 5.161,37*    | 4.362,17     | t CO2 eq         | GRI-305-1                 |
| Emissions from mobile sources - Scope 1                                   | 395,88       | 437,61       | t CO2 eq         | GRI-305-1                 |
| Emissions from refrigeration equipment - Scope 1                          | 26,54        | 57,46        | t CO2 eq         | GRI-305-1                 |
| Emissions from purchased electricity - Scope 2                            | 9.811,20     | 3.693,10     | t CO2 eq         | GRI-305-2                 |
| Business travel - Scope 3   | 61,40        | 112,98       | t CO2 eq         | GRI-305-3                 |
| Транспорт на вработени (организиран транспорт) до работно место - Опсег 3 | 14,96        | 14,17        | t CO2 eq         | GRI-305-3                 |
| Upstream транспорт**  | /            | 1.628,26     |                  |                           |
| Waste - Scope 3   | /            | 1.360,34     | t CO2 eq         | GRI-305-3                 |
| Treatment of finished product waste - Scope 3                             | /            | 122,32       | t CO2 eq         | GRI-305-3                 |

Note:

\*This value has been updated based on newly received relevant data for 2022 from OU Energy Management.

\*\* Transport of our products/materials by a third party, paid for by ALKALOID.

## Overview of ALKALOID's most important ESG indicators

You can find more information about these and other ESG indicators in the ESG report and its annexes

| Indicator   | 2022   | 2023   | Measurement Unit   | GRI/ other ESG indicators |
|---|--------|--------|--|---------------------------|
| Total number of company employees                               | 2.617  | 2.843  | number of employees  | other ESG indicators      |
| Total number of company employees in Macedonia                  | 1.975  | 2.155  | number of employees  | other ESG indicators      |
| Share of female employees                                       | 59%    | 58%    | percentage of employees  | GRI-405-1                 |
| Share of women in management positions                          | 46%    | 48%    | percentage of employees  | GRI-405-1                 |
| Rate of new hires   | 9,37%  | 10,94% | percentage of employees  | GRI-401-1                 |
| Turnover rate   | 2,72%  | 3,05%  | percentage of employees  | GRI-401-1                 |
| Average number of training hours per employee per year          | 121    | 119,36 | hours  | GRI-404-1                 |
| Employee satisfaction rate                                      | 71,74% | 71,94% | satisfaction rate  | other ESG indicators      |
| Total reported near-miss accidents                              | 17     | 31     | number of reported near-miss accidents                             | GRI-403-2                 |
| Deaths  | 0      | 0      | number and rate of deaths  | GRI-403-9                 |
| Severe injuries   | 0      | 0      | number and rate of severe injuries                                 | GRI-403-9                 |
| Registered injuries   | 44     | 33     | number of registered injuries                                      | GRI-403-9                 |
| Frequency rate of registered injuries                           | 11,36  | 8,07   | rate of registered injuries per 1.000.000                          | GRI-403-9                 |
| Injury Severity Rate  | 21,44  | 14,3   | injury severity rate   | other ESG indicators      |
| Injury rate / 1000 employees                                    | 19,66  | 13,01  | number of injuries per 1000 employees                              | other ESG indicators      |
| Registered injuries of supplier employees                       | 0      | 1      | number of injuries/number of severe injuries of supplier employees | GRI-403-9                 |
| Frequency rate of injuries of supplier employees                | 0      | 5      | rate of recorded injuries per 1.000.000                            | GRI-403-9                 |
| Registered cases of occupational diseases of company employees  | 0      | 0      | number of registered employees with occupational diseases          | GRI-403-10                |
| Registered cases of occupational diseases of supplier employees | 0      | 0      | number of registered employees with occupational diseases          | GRI-403-10                |
| Procurement from local suppliers                                | /      | 30%    | share of local suppliers in the company's total purchases          | GRI 204-1                 |

## Social Responsibility in Our Company

**T**he concept of impact on society and the environment is a high-ranking priority in ALKALOID's corporate strategy.

Recognizing our impact, we implement specific projects and activities tailored to local requirements. Through these efforts, we consistently and vigorously work towards enhancing and advancing every aspect of the social milieu.

Our transparent and ethical conduct demonstrates an unwavering commitment to sustainable development and support for all stakeholders.





## Donations and Sponsorships

### **A Year of Strategic Partnership: ALKALOID and SOS Children's Village**

"Children are our future! Every child deserves a warm home, care, and love. We care for every child." This motto is a powerful message to our community and forms the foundation for our partnership.

Aligned with our commitment to ESG principles and social responsibility, ALKALOID has proudly marked a year of strategic partnership with SOS Children's Village. Initiated during the 45th anniversary of our renowned brand Becutan, this collaboration reinforces our belief in every child's right to a nurturing home full of care and love. Beyond financial aid, our partnership takes a holistic approach, addressing the educational and developmental needs of nearly 500 children and youth without parental care.

Last year, ALKALOID allocated over 2 million denars to the "Becutan House" at SOS Children's Village. This funding supports the house's smooth operation and the organization's and caregivers' related activities. In this partnership, we have embraced the role of godfathers to five children aged five to thirteen, underscoring our commitment to fostering lasting positive change.

"In December last year, just before our 45th anniversary of Becutan, we began our 'godfathership' in collaboration with SOS Children's Village. We now support five children, ensuring they have everything necessary for their lives there. A portion of our children's collection sales was reserved throughout the year, accumulating over 2 million denars donated to SOS Children's Village. We are set to continue this cooperation in the upcoming year," stated Zhivko Mukaetov, CEO and President of the Management Board of ALKALOID AD Skopje.

At SOS Children's Village, we recently celebrated the first anniversary of our meaningful humanitarian partnership with a special exhibition. Children from the village created drawings for the occasion, themed "Love is...." Becutan will honour each child's drawing, as every child is a winner in the mission of love. Future ALKALOID campaigns for the Becutan children's collection will feature these beautiful artworks.

Looking ahead, ALKALOID remains dedicated to advancing its ESG goals, leveraging its resources and influence to impact the community positively. This partnership exemplifies our steadfast commitment to making a significant societal difference.



## Humanitarian activities

### **United We Can Do More: The Humanitarian Efforts of ALKALOID and the Skopje Red Cross**

Contributing to societal well-being, supporting people, and caring for the environment are integral to our projects and social responsibility practices.

Embracing a global mindset and local action, we persist in executing projects and activities tailored to community needs. Our humane mission of providing help and understanding is embedded in our longstanding partnership with the Red Cross of Macedonia - the Red Cross of the City of Skopje, grounded in a mutual commitment to humanitarian endeavours benefiting the community.

ALKALOID confirmed its role as a socially responsible company by our employees' eagerness to assist those in need. We recently collaborated with the Red Cross on several initiatives, including clothing, food donations, and blood drives.

This year, in partnership with the social enterprise "Kopche," we organized a successful clothing donation campaign. Our employees generously contributed, donating unused but still serviceable clothes. The campaign collected nearly one ton of clothing across all company locations.

We recently conducted a new humanitarian food donation campaign to demonstrate our commitment to humanity in action, aiming to aid vulnerable and socially endangered groups. In this initiative, our employees generously donated almost 1 ton of food to prepare packages for socially endangered families.

Continuing a tradition spanning over 50 years and guided by the motto "Donate blood, save a life," we conducted two major blood donation drives this year in collaboration with the Red Cross and the Institute of Transfusion Medicine. These events successfully gathered 340 units of blood, reflecting our employees' strong motivation and our shared commitment to social responsibility, demonstrated through this life-saving act.

All projects and activities robustly reinforce ALKALOID's image as a societal partner, driving change and significantly contributing to the community. Our employees, proud of our accomplishments and as primary ambassadors of goodwill, have selflessly engaged in all humanitarian efforts, embodying the company's culture and commitment to the greater good.

Yet, our journey doesn't end here. We are committed to continuing our socially responsible impact on the community. We actively support projects and collaborative initiatives that promote humanity, solidarity, and collective responsibility.





## SUPPORT FOR THE GENERAL PUBLIC WITH INFORMATIONAL AND EDUCATIONAL CONTENT

### Digital Campaign "60 Seconds of Health"

Social responsibility is ingrained within our corporate culture, rooted in all facets of our operations. We are committed to advancing the well-being of our company, employees, their families, the environment, the community, and the whole society in every action we undertake. As a socially responsible company, we recognize our duty to positively impact and educate the communities in which we operate. An example of this commitment is the implementation of specific projects aimed at supporting the broader public. Aligned with this ethos, last year, we saw the launch of our digital campaign, "60 Seconds of Health!" This year, we have continued our efforts by producing new videos featuring informative and educational content designed to enlighten the public and foster awareness on significant topics of widespread interest.

The primary participants in this campaign were the youngest, the children of our company's employees, who addressed various topics and conveyed key messages. During several events, these youngsters engaged in socializing, playing, and enjoying specially organized activities at the "Avtokomanda" Sports Hall.

In front of the "60 Seconds of Health" camera, amidst laughter and play, the young guests shared their opinions, preferences, and remarks on several topics dedicated to sports and recreation, holiday traditions, is tea consumed only in winter, World Health Day, World Autism Day, Earth Day, International Family Day, and more.

Celebrating and honouring Becutan's 45th anniversary, we organised a special event where our children candidly, joyfully, and perhaps a bit shyly expressed what Becutan means to them. This significant milestone was marked by numerous new experiences, fostering friendships among the children and promoting a team spirit. The symbolism of children's sincerity and the organic development of strong mutual bonds added a unique touch to this important anniversary.



## The Becutan Project Supporting Parents: An Integrated Marketing Campaign "How Are You?"

To support parents, particularly mothers, the Becutan brand has launched a project named "How Are You?" The primary goal is to forge a closer bond between the brand and parents, ensuring they feel understood and valued. Additionally, the project aims to raise awareness in the community about supporting young parents.

Its accompanying blog, also named "How Are You?" is central to the project. This platform delves into topics spanning from conception and pregnancy to childbirth and the early stages of parenthood. Through fictional narratives penned under the pseudonym "Mama Nina," the blog encompasses diverse scenarios, catering to various categories of parents in different life situations, making this project inclusive and comprehensive.

In addition to the "How Are You?" blog and its audio podcast counterpart, promoted across various channels, we carried out below-the-line (BTL) promotions at frequented locations. These initiatives allowed young parents to voice their opinions and share their most pressing needs with us. Subsequently, we disseminated all the insights gathered from these promotions through Becutan's communication channels, further encouraging the community to



This project will continue to evolve in 2024, adding further value to the Becutan brand. With a legacy of caring for children for 45 years, Becutan supports parents, recognizing that only content and fulfilled parents can nurture happy children.

## SUPPORT OF THE PROFESSIONAL PUBLIC

### **ALKALOID is Committed to Advancing the Education of Midwives Regarding Delicate Skincare from the First Touch**

**A**s a pharmaceutical company committed to continuous education for healthcare professionals and sharing the latest advancements in the medical-pharmaceutical field, ALKALOID prioritizes the education of midwives, who play a crucial role in caring for newborns from their very first moments. It is paramount that midwives remain informed and educated on baby skin care, particularly with products that undergo rigorous clinical testing to ensure the safety of newborns. In May 2023, we convened an educational meeting for midwives nationwide to enhance their knowledge of baby skin care.

The keynote speaker at this gathering was Professor Dr. Nikolina Zdravevska from the University Clinic for Children's Diseases. She presented findings from a clinical study involving an oil bath, SOS children's cream, and Becutan Sensitive body milk. The study encompassed children born at full term and premature infants. It spanned a period of six months at various healthcare facilities, including the University Clinic for Gynaecology and Obstetrics - Skopje, the University Clinic for Paediatrics, the PHI Gynaecology and Obstetrics Hospital "Mother Teresa" - Cair, the "Acibadem Sistina" Hospital, and the "Remedika" Hospital.



These educational meetings are a platform for nurturing our strong rapport with healthcare professionals, allowing us to share our expertise while gaining insights into their experiences with Becutan products.

By fostering ongoing collaboration with these experts, we enhance our corporate image and solidify our Becutan brand's reputation.



### **Becutan Sensitive, in Partnership with Neonatologists, Proudly Champions World Prematurity Day**

**A**s a socially responsible company, ALKALOID is committed to supporting the healthcare community in providing exceptional patient care through targeted projects and initiatives, focusing on education and information dissemination.

In line with this commitment, ALKALOID, in collaboration with the Association of Neonatologists, hosted a professional meeting on November 17, 2023, at the DoubleTree by Hilton Hotel, commemorating World Prematurity Day under the theme "Small Steps, Big Benefits." This event brought paediatricians from across the country to address various critical topics concerning premature children.

Dr. Marina Pop-Lazarov, a paediatrician and the head of Paediatrics and Neonatology at "Remedika" Skopje Hospital, delivered a presentation on the results of a clinical trial conducted on the Becutan Sensitive collection, tailored for sensitive skin. The trial encompassed over 300 newborns, including premature infants.

This event drew more than 150 participants, comprising a significant representation from the Association of Neonatologists, the Association of Paediatricians, family doctors specializing in paediatric care, and physicians working in vaccination centres.

Through the support garnered from this professional gathering, our company reaffirmed its commitment to providing optimal care for all children and meeting their diverse needs.

## SUPPORT OF SPORTS, CULTURE AND EDUCATION

### The "Trajche Mukaetov" Foundation Awarded 40 New Scholarships for the 2023/2024 Academic Year.

For the sixteenth consecutive year, the "Trajche Mukaetov" Foundation grants 40 scholarships to students enrolled at the Faculty of Pharmacy and the Faculty of Medicine at the "St. Cyril and Methodius" University in Skopje. The selection of scholarship recipients for the 2023/2024 academic year adheres to the guidelines outlined in the published public competition. The Foundation's Management Board approved the grants based on the preliminary list proposed by the scholarship allocation commissions which consist of representatives from the Foundation, both faculties, and students.

In the upcoming academic year, 40 new scholarships will be awarded, with 20 designated for students of the Faculty of Pharmacy and 20 for students of the Faculty of Medicine at the "St. Cyril and Methodius" University in Skopje. Additionally, the Foundation will continue its tradition of awarding one-time €1.200 cash grants to valedictorians from both faculties.



Over its sixteen-year history, the "Trajche Mukaetov" Foundation has granted scholarships to 659 students in pharmacy and medicine at the "St. Cyril and Methodius" University in Skopje, investing nearly 130 million denars through scholarships and one-time cash grants for valedictorians.

As of November 2022, the scholarship has been set at MKD 7.000 monthly for 12 months. This amount is applied consistently to existing and new scholarship recipients until they formally complete their studies.

## ALKALOID AD Skopje: the Primary Supporter of Sports and Sports Teams

As a socially responsible company deeply committed to supporting various aspects of societal, sporting, educational, healthcare, and cultural development in Macedonia, we initiate and actively contribute to projects aimed at enhancing conditions across the social spectrum.

Sports has a longstanding history and vibrant tradition within ALKALOID. Over the decades, the company has assisted numerous entities, including clubs, national teams, and individual athletes across various disciplines, such as football, basketball, handball, volleyball, and swimming, among others. This steadfast support for sports, teams, and athletes serves as a crucial catalyst, fostering motivation and stability essential for nurturing investment in future talent.

The sport in which we are most successful is, of course, handball, which we are particularly proud of. ALKALOID AD Skopje is a long-time supporter and primary sponsor of the Macedonian Handball Federation. Since this year, we have also become the general sponsor of the Macedonian Taekwondo Federation, providing support for Macedonian taekwondo fighters for their preparations and successful future performances on the domestic and international stage.

Every success relies on a clearly defined vision and set goals, on determination and total commitment, as well as on teamwork and competitive spirit. Proud of every success our athletes achieve, we are committed to expressing our support on the way to success with faith and the desire to help achieve future goals and ambitions in sports.



### **ALKALOID Employees Received a Trophy for Fielding the Largest Sports Team at the Wizz Air 2023 Skopje Marathon**

A record-breaking turnout and the largest contingent marked this year's Wizz Air Skopje Marathon 2023, with 552 ALKALOID employees navigating the streets of Skopje. Driven by team camaraderie and a commitment to well-being, our employees once again demonstrated their dedication to promoting healthcare awareness and fostering a spirit of sportsmanship, embodying the company's ethos of "Health Above All."

Four hundred ninety-eight runners registered for the 5 km race, 52 for the half-marathon, and 2 for the full marathon. In the 5 km race, our women's team ranked 5th out of 187, while the men's ranked 20th among 180 teams. Our women's team claimed the 20th spot in the half marathon, with the men's team slightly ahead in 18th place. In the marathon race, the highest-ranking ALKALOID participant secured the 20th position out of 211 runners.

We take immense pride in our marathoners' achievements and applaud the overwhelming enthusiasm displayed by our employees in joining the marathon, congratulating them on their successes and the remarkable team cohesion demonstrated.





### **HC Alkaloid Secures the Vice-Championship Title and Premiers in Europe, while HC Multi Essence Makes its Debut in the Super League.**

**H**C Alkaloid has maintained its upward trajectory throughout the past year, progressing with remarkable strides. Employing the same winning formula as the previous season—comprising Macedonian handball talents, diligent professionalism, and rigorous training—the club achieved vice-champion status in the Macedonian Handball Super League. Guided by the Macedonian handball legend Kiril Lazarov, HC Alkaloid made its inaugural foray into European competitions, securing a berth in the EHF European League group stage through domestic championship success.

In its debut season on the European stage, the club showcased its skill by remaining undefeated twice against the formidable Spanish team Logroño La Rioja across six matches. We scored a 28:27 victory and a 29:29 draw against this seasoned opponent, a regular contender in EHF competitions. Facing off against HC Vojvodina and HC Bjerringbro Silkeborg, HC Alkaloid engaged in four intense matches, with our young handball players demonstrating formidable resistance and commendable skill. Looking ahead, in the forthcoming year, we aspire to ascend further. The promising season start in the Macedonian championship is an excellent sign

to that aim as HC Alkaloid scored 14 victories in 14 matches in the first phase of the 2023/24 season."

HC Multi Essence entered the men's Macedonian handball Super League for the first time since its establishment. The players who play on the Macedonian Youth National Team with potential as rookies competed against the top domestic teams, fostering their sporting growth.

The youth clubs affiliated with "Alkaloid" have already established themselves as forerunners in Macedonian youth handball. Last season, HC Multi Essence claimed the youth championship title. In the current season, it leads the junior category with an unbeaten streak of 11 victories. Similarly, HC Alkaloid leads group B in the youth championship with a perfect record of six wins.

There is also a notable growth in the number of handball players in youth schools, with over 100 children participating across three age categories—U14, U16, and U18. These young athletes receive optimal conditions for development, fostering both athletic prowess and overall well-being.



### ALKALOID Chess Club Completed Another Successful Year

Efforts to sustain CC Alkaloid's triumphant streak, solidifying its status as one of Macedonia's most successful sports teams, culminated in the acquisition of new trophies in 2023.

At the state singles championships, CC Alkaloid won the men's and women's titles. In the team competition, CC Alkaloid earned a double crown, too, winning in both tournaments. This win marks the 11th consecutive men's team title, with 25 titles out of 31 tournaments in senior championships.

Internationally, CC Alkaloid's chess players participated in the World Senior Team Championship in Struga. In the over-50 age group, the CC Alkaloid team ranked fifth among 22 national teams.

Members of CC Alkaloid also represented the Macedonian national team at the European Team Championship in Montenegro.

CC Alkaloid supports chess schools tailored for children in line with its long-term strategy for developing junior chess. Licensed chess grandmasters and international masters from Macedonia's most successful generations of chess players lead these classes.

Approximately 100 children from across the country participate in classes held in Skopje, Negotino, Prilep, and Struga, with additional sessions available online for participants residing in other cities.

In the state junior singles championships, CC Alkaloid secured three gold medals and silver and bronze medals. During the Juniors Team Championship, CC Alkaloid juniors earned medals across all competitions, with the U18 team clinching the first-place title. The club supported some of the most successful juniors to participate in the European and World Junior Singles Championships.

Moreover, the club upheld its tradition by organizing the "Alkaloid Rapid Open" tournament, which attracted 227 players from seven countries.

## IMPROVING WORKING CONDITIONS AND THE IMPORTANCE OF EMPLOYEE SATISFACTION

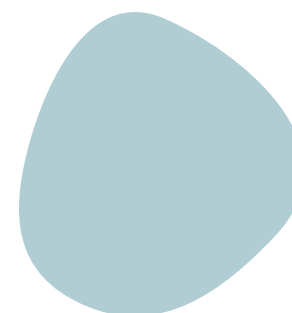
### "Thank You for Our Today!" – A Project Dedicated to Caring for Our Retired Employees

Our enduring success story, spanning nearly nine decades, is rooted in the quality of our staff, the ALKALOID brand, our various individual brands, and the excellence of our products. Generations of dedicated employees have meticulously crafted this legacy over the years.

Outstanding achievements are never attained effortlessly or abruptly—they result from hard work and steadfast dedication from countless generations of employees. These individuals have demonstrated unwavering commitment and determination to contribute to the company's growth and development. Many have devoted years, even decades, to our production plants or administrative units, eventually retiring with pride. Today, they share their experiences with their descendants, recounting their role in shaping the company into one of the premier pharmaceutical industries in Southeast Europe.



ALKALOID seeks to acknowledge and honour the invaluable contributions of our retirees in every project, product, and facility. In our commitment to maintaining a solid connection with our retirees, we initiated the "Thank You for Today!" project last year. At the project's inception, we encouraged all retired colleagues to register and update their information in the ALKALOID retiree database. Subsequently, as a token of appreciation and gratitude, we pleasantly surprised registered retirees with a branded package of products delivered to their home addresses.



### **AlkaTVInfo: A Digital Tool for Internal Communication**

Internal communication is crucial to our corporate culture and corporate communication strategy. Effective internal communication is essential for providing timely and complete information to all employees, promoting transparency, aligning work units and processes with organizational goals, and improving overall employee engagement.

Regular e-mail notifications, informational posters, newsletters, and press releases are some of the most effective tools we use to communicate with employees on time.

In our ongoing commitment to improvement and adaptation to the rapid pace of technological advancements, ALKALOID consistently embraces the latest trends and innovations. We continually introduce new digital tools and platforms to enhance and streamline communication channels for our employees, ensuring access to timely information. With this objective in mind, we implemented the AlkaTVInfo information system last year. This system comprises over 40 TV sets strategically placed as informational screens in high-traffic areas throughout the company. Managed by central software, this system efficiently processes and displays content on the screens. AlkaTVInfo is a valuable information tool that provides all organization members timely updates on key developments, company goals, policies, procedures, and other critical aspects pertinent to our employees.

### "One Working Day"

**H**uman capital is one of the key factors the company's success is based upon. That is why our employees are above all. Caring for human capital and employee satisfaction is one of the top priorities for our company and its daily operations.

One of the goals of our corporate communication strategy is to showcase and celebrate our employees. Through the "One Working Day" campaign, we highlight one employee each month throughout the year. Each feature includes a photograph of the employee and a brief description of their role, responsibilities, and how they spend a typical working day. This initiative ensures the representation of employees from various departments and services, offering everyone an equal opportunity to be featured.

**Марија Калевска  
Дробарова**  
Организатор во производство Билка

Огромна одговорност е да се произведе квалитетен и безбеден прехранбен производ, па затоа нашиот пристап кон работењето е максимално професионален, базиран на многуте сертифицирани стандарди за производство на безбедна храна.

**ЕДЕН  
РАБОТЕН ДЕН во  
АЛКАЛОИД**



## June - ESG Month at ALKALOID



### Informational and Educational Campaign: June - ESG Month at ALKALOID

As a company dedicated to sustainable development, we are steadfast in our commitment to fostering awareness and cultivating a corporate culture centred on environmental, social, and corporate governance (ESG) principles. To this end, in 2023, we designated June as ALKALOID ESG Month.

Throughout the informative and educational campaign, we provided comprehensive insights to employees regarding our company's ESG strategy, the initiatives implemented, and how each employee can contribute to achieving our long-term and short-term ESG objectives. This campaign was executed through informative e-mails, posters displayed in all facilities, information shared on AlkaTVInfo screens, and the distribution of leaflets and brochures.

As part of this initiative, we offered financial incentives to employees to encourage the adoption of electric motorcycles, bicycles, scooters, and conventional bicycles to improve air quality and promote healthier lifestyles.

In line with our commitment to enhancing working conditions and reducing our carbon footprint, we added new parking spaces and charging stations for e-scooters at our Avtokomanda and Gjorche Petrov sites.

This campaign also served as a platform for employees to actively engage by sharing proposals and suggestions. Ultimately, the campaign successfully conveyed the message that ESG is an ongoing journey, presenting challenges that we will collectively address to establish a sustainable and environmentally friendly living and working environment.

Our ESG strategy is guided by fostering awareness of ESG principles and encouraging active participation in its realization through our daily behaviours and actions.

## Electric Vehicles and Charging Stations

In 2023, we took tangible steps to uphold our clear mission and vision, reaffirming our steadfast commitment to environmental preservation by embracing electric mobility in our daily operations.

We are delighted to announce the expansion of the ALKALOID fleet with fully electric company vehicles, accompanied by electric charging stations.





## Awards, Recognitions and Certificates



**Lead Champion Investor in the Western Balkans Region**  
(The Western Balkans Six Chamber Investment Forum - WB6CIF)



**Most Transparent Listed Company in 2023**  
- Media Choice  
(Macedonian Stock Exchange)



**Stock of the year in 2023**  
- Public Choice  
(Macedonian Stock Exchange)



**Most Desirable Employer in 2022**  
- (Vrabetuvanje.mk)



**Humanity Oscar**  
- (Red Cross of the Republic of S. Macedonia)



**Best Implemented Occupational Safety and Health Management System in 2023**  
- (Safety and Health at Work Council of the Republic of North Macedonia)



**Commitment Badge in Recognition of Your Sustainability Achievement**



**Recognition for outstanding contribution to the Red Cross campaign, providing humanitarian aid to populations affected by the devastating earthquakes in the Republic of Turkey and the Syrian Arab Republic**  
(Red Cross of the Republic of North Macedonia)



**Recognition as the Largest Corporate Donor in 2022**  
- (SOS Children's Village)



**19th WIZZAIR Skopje Marathon 2023**  
- Largest Team



**Plaque for Proven Social Responsibility in 2023**  
(Gazi Baba Municipality on November 3rd - Gazi Baba Municipality Day)



**Plaque in recognition of the successful execution of the "Second Jasmina Golubović Memorial Tournament"**  
- (Association of Women Active Handball Veterans - Kumanovo)





III.  
ENVIRONMENT

## III. Environment

Climate change affects us all and presents the most significant challenge humanity will face in the future. ALKALOID is a globally conscious corporation committed to creating a sustainable future by aligning with the United Nations Sustainable Development Goals (SDGs).

Our dedication to sustainable industrial practices, environmentally conscious design, environmental education, circular economy, renewable energy utilization, and sustainable development embodies the overarching vision of our top management and strategic direction of the company towards fostering a sustainable future.

ALKALOID's strategy is created by implementing and cultivating established environmental management practices, collaborative teamwork, and the dedicated efforts of each employee to construct a sustainable environmental management system. This endeavour aims to generate sustainable environmental value for the company and foster a healthy environment for all.

In all our endeavours, we are dedicated to enhancing environmental performance, primarily by:

- Generating our energy from renewable sources
- Promoting energy efficiency across all operations and processes
- Consistently implementing effective waste management practices
- Emphasizing waste reduction, reuse, and recycling
- Integrating sustainable approaches into product development
- Following and implementing cutting-edge innovations in:
  - Energy efficiency
  - Carbon footprint management
  - Water resource management
  - Waste management
  - Manufacturing systems
  - Sustainable transportation
- Monitoring and implementing the latest innovations to advance our pursuit of climate neutrality

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ALKALOID's business strategy focuses on fostering a healthier environment for the community. We achieve this by maintaining an environmental management system as part of the integrated management system. Additionally, we set sustainable environmental goals and establish key measurement indicators. The company also adopts the GRI standards as a framework for its ESG reporting.

Below, we present the key elements and enhancements to the environmental management system, including monitoring impacts and compliance with national legislation and other requirements. We also outline projects for improving environmental performance, along with the realization of sustainable goals and key performance indicators for 2023.

In addition to national legislation, we utilize the GRI standards as a framework for preparing the report, ensuring comprehensive ESG reporting.

## ENVIRONMENTAL MANAGEMENT SYSTEM

The environmental management system adheres to the international standard ISO 14001:2015 and is implemented across all of ALKALOID's organizational units, including ALKALOID KONS, ALKALOID DOO Belgrade, and ALKALOID Veleđrogerija DOO Belgrade.

This system is seamlessly incorporated into ALKALOID's integrated management system.

The figure below illustrates the critical elements of the Environmental Management System.





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### **Legal and Other Requirements**

The company maintains a continuous monitoring process for all relevant laws and regulations about environmental issues, following the guidelines outlined in the Procedure for legal and other requirements monitoring and compliance - environment and OHS.

The relevant organizational units within the company receive regular updates regarding any changes and the latest legislative requirements.

Designated individuals from Quality Assurance - Environment are responsible for monitoring and verifying the implementation of legislative requirements. They also support the respective organizational units to ensure compliance with legal mandates.

### **Environmental Aspects**

Environmental aspects are components of the company's activities, products, or services that interact with the environment, either currently or potentially.

An Environmental Master Plan is a documented information that outlines the process of identifying, assessing, controlling, and defining appropriate measures to mitigate adverse environmental impacts.

## Environmental Management System

### Monitoring of Environmental Impacts

**Environmental monitoring** involves the systematic measurement, assessment, and control of environmental conditions, quality and changes in various media or areas of the environment.

**Environmental impact** refers to any alteration in the environment, whether positive or negative, fully or partially resulting from the company's environmental aspects.

**Environmental media** include water, air, and soil.

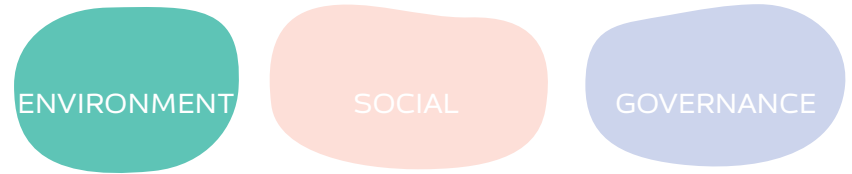
**Environmental areas** encompass nature, waste, noise, vibration, ionizing and non-ionizing radiation, climate, odour, and all other elements that collectively form the environment.

### Environmental Incidents

An incident is an event that poses a risk of potential pollution, accidents, or environmental damage.

In the event of emergencies, accidents, or incidents with the potential to impact the environment, our response follows the Procedure for reacting and addressing environmental aspects during accidents or emergencies and the SOP for the investigation of incidents with potential environmental impact.

To ensure effective response and management, we have developed plans for addressing environmental aspects during accidents or emergencies and a list of key personnel for responding to and managing environmental aspects. The affected organizational units make these documents readily available, enabling easy access to guidance on how to act in the event of any emergency, accident, or incident with potential environmental impact.



### **Waste Management**

Waste is any matter or object that the creator/possessor discards, intends to discard, or is required to discard.

The Quality Assurance - Environment team manages waste generated across all organizational units following the Waste Management Procedure and additional waste-related procedures.

The waste manager develops a company-level three-year Waste Management Program. This program is approved by the Head of Quality Assurance and submitted to the Ministry of Environment and Physical Planning (MOEPP).

In waste management, we maintain ongoing collaboration with external companies possessing the necessary authorization, including permits for transportation, storage, and handling of waste issued by the competent body within the MOEPP.

### **Internal and External Stakeholders**

To ensure compliance with legislation, the Quality Assurance - Environment team is responsible for completing specific forms mandated by applicable laws and by-laws. These include:

- Quarterly logbook of air emissions, submitted to the MOEPP;
- Annual report on waste, submitted to the MOEPP;
- Cadastre of emissions in the environment, submitted to the MOEPP;
- Investments in environmental protection, submitted to the State Statistics Office;
- Waste statistics, submitted to the State Statistics Office;
- Cadastre of pollutants on the territory of the Gazi Baba Municipality, submitted to the Gazi Baba Municipality
- Quarterly reports on separate waste streams (packaging, batteries, electrical and electronic equipment, waste oils), submitted to the respective Producer Responsibility Organisation.

## Environmental Management System

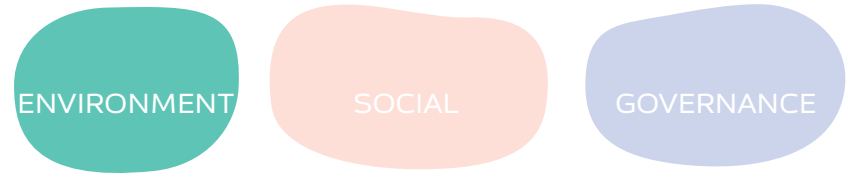
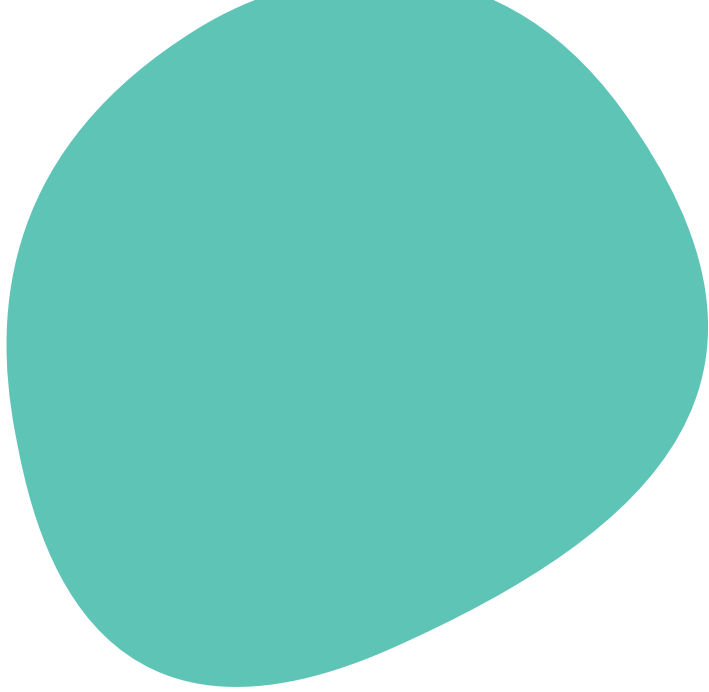
### **Obligations Under "A" - Integrated Environmental Permits and Environmental Protection Elaborates**

The Quality Assurance - Environment team adheres to the requirements set in "A" - Integrated Environmental Permits (applicable to PC Pharmaceuticals Avtokomanda, PC Pharmaceuticals Gjorche Petrov, and PC CCB Chemicals Program) and Environmental Protection Elaborates (PC CCB Botanicals Program, Cosmetics Program, and the Resort in Old Dojran). The team prepares an Annual Report summarizing the company's environmental activities each year. This report is submitted to the competent authority - the MOEPP, by 31 March, as legislation mandates.

The annual report provides detailed information on the company's environmental accomplishments and initiatives.

### **Continuous Improvements and Development Projects**

ALKALOID's environmental strategy is established on the basis of defined environmental objectives and key performance indicators (KPIs). Responsible individuals from relevant departments translate these environmental objectives into processes. Based on the strategic planning framework and implementation of all units' environmental KPIs, we initiate projects to fulfil the goals involving multidisciplinary teams with stakeholders from different departments.



### Environmental aspects (EMP)

**A**LKALOID has established a system for identifying and evaluating the environmental aspects of all its processes. The identified aspects are monitored and observed at a specific frequency, following the obligations defined in the environmental legislation.

The legislation about environmental emissions, parameters, and monitoring frequency is defined in the following documents:

- “A” Integrated Environmental Permit for PC Pharmaceuticals at the Avtokomanda site UP1-11/3 no. 466/2021;
- “A” Integrated Environmental Permit for PC Pharmaceuticals at the Gjorce Petrov site UP1-11/3 no. 704/2021;
- “A” Integrated Environmental Permit for PC CCB, Chemicals program, at the Gjorce Petrov site UP1-11/3 no. 705/2021; amendment of the “A” Integrated Environmental Permit UP1-11/3 no. 2548/2022;

- Environmental Protection Elaborate for PC CCB, Cosmetics program, at the Gjorce Petrov site, Decision no. 11-6582/2;
- Environmental Protection Elaborate for PC CCB, Botanicals program, at the Aerodrom site, Decision no. 08-4743/2.

## AIR EMISSIONS

The measurements of air emissions outlined in the provided documents are as follows:

**1. PC Pharmaceuticals at the Avtokomanda site** – defined ten measuring points for quarterly sampling and air quality monitoring:

- A1, A2, and A8: emission from the boiler room, emitting polluting substances such as NO<sub>2</sub>, SO<sub>2</sub>, CO, and particulate matter into the atmosphere along with waste gases;

- A3, A4, A5, A6, A7, A9, A10: emission from the dedusting system installed in Pharmaceuticals Manufacturing; expected emissions of pharmaceutical dust (PM) into the atmosphere along with waste gases.

**2. PC Pharmaceuticals at the Gjorche Petrov site (manufacturing of cephalosporins and active Pharmaceutical Ingredients)** – defined five measuring points for quarterly sampling and air quality monitoring:

- A1, A2, A3: emission from the dedusting system installed in the cephalosporins manufacturing plant; expected emissions of pharmaceutical dust (PM) into the atmosphere along with waste gases;

- A4 and A5: emission from a local ventilation system installed in the Active Pharmaceutical Ingredients manufacturing plant; expected emissions of volatile organic compounds (VOCs) into the air along with waste gases.



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**3. PC CCB, Chemicals program, at the Gjorche Petrov site:** defined eleven measuring points for quarterly sampling and air quality monitoring:

- A1, A2, and A3: emission from the boiler room; emitting polluting substances such as CO, NO<sub>2</sub>, SO<sub>2</sub>, and particulate matter into the atmosphere along with waste gases;
- A4: emission from the hood above the reactor involved in the oxidation/reduction process for obtaining silver salts in the inorganic syntheses plant; expected emissions of dust, NO<sub>2</sub>, SO<sub>2</sub>, NH<sub>3</sub>, and VOCs into the atmosphere along with waste gases.

There are seven secondary (smaller) discharges of waste gases and polluting substances into the air, designated as follows:

- A5 to A11: emission from the hoods above the reactors, evaporators, crystallizers, and dryers (processes of neutralization, dissolution, and evaporation of inorganic chemicals) in the inorganic syntheses plant; expected emissions of dust, NO<sub>2</sub>, SO<sub>2</sub>, NH<sub>3</sub>, and VOCs, into the atmosphere along with waste gases.

**4. PC CCB, Botanicals program:** defined four measuring points for quarterly sampling and air quality monitoring:

- Two measuring points: emission from the dedusting system; expected emissions of particulate matter (PM) into the atmosphere along with waste gases;
- A1 and A2: discharges from the boiler room; expected emissions of polluting substances such as CO, NO<sub>2</sub>, SO<sub>2</sub>, and particulate matter into the atmosphere along with waste gases.

**5. PC HKB, Cosmetics program:** No air emissions have been identified.

#### **Appendix 1: Monitoring of air and water emissions and noise level**

## EMISSIONS

(Reporting is based on GRI 305)

**The principles of the GRI 305 standard - Emissions**, which refer to the emissions of substances from a specific source into the atmosphere, are established to measure and monitor the basic company processes.

GRI 305 encompasses emissions of various significant air pollutants, including greenhouse gases (GHG), ozone-depleting substances (ODS), nitrogen oxides (NO<sub>x</sub>), and sulphur oxides (SO<sub>x</sub>).

The measurements presented in this report incorporate greenhouse gas (GHG) emissions, which encompass CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, and NF<sub>3</sub>, expressed as CO<sub>2</sub>eq.

Under the GRI standard, air emissions are grouped as follows:

- Direct (scope 1) greenhouse gas emissions

Scope 1 measurements include emissions from stationary sources (boiler room), mobile sources (own vehicle transport, forklifts), and refrigerants.

- Indirect (scope 2), i.e., greenhouse gas emissions from purchased electricity

Scope 2 measurements include emissions from purchased electricity.

- Other indirect (scope 3) greenhouse gas emissions originating from the value chain of input and output entities.

Scope 3 measurements include emissions from the following categories:

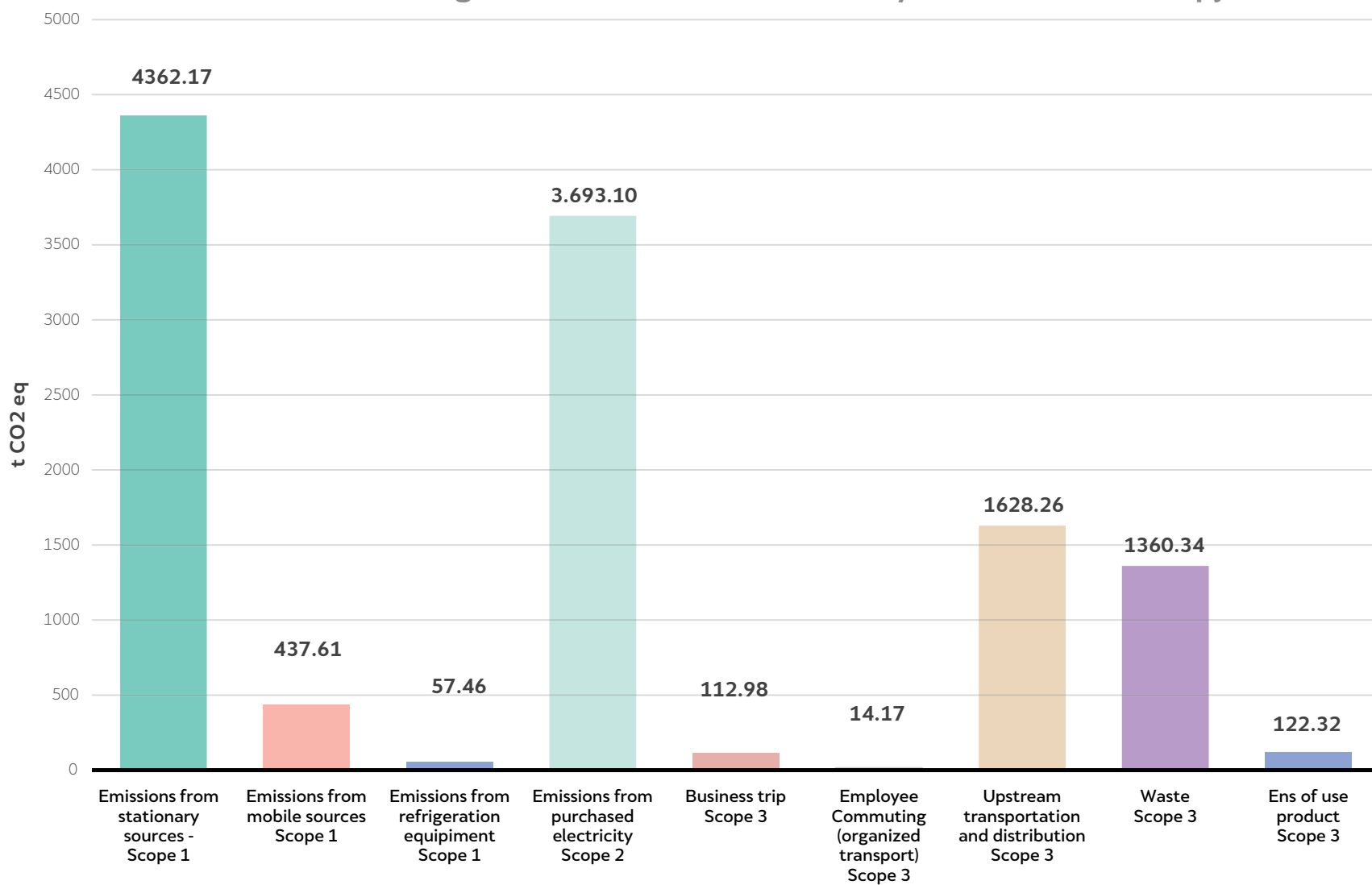
- Category 4 - transport serviced by a third party
- Category 5 - emissions from the treatment of waste generated on our sites
- Category 6 - business trips
- Category 7 - employee commute to work and back
- Category 12 - waste treatment emissions generated from product end-of-life waste.

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### Greenhouse gases emitted in Year 2023 by ALKALOID AD Skopje



## WASTEWATER EMISSIONS

Measurements of wastewater emissions are specified as follows:

**1. PC Pharmaceuticals at the Avtokomanda site:** defined three measuring points for monthly wastewater sampling and quality monitoring:

- C1 and C3: Emission points from Pharmaceuticals Manufacturing
- C2: Emission point from Quality Control

**2. PC Pharmaceuticals at the Gjorche Petrov site,** cephalosporins and active pharmaceutical ingredients manufacturing: defined two measuring points for monthly wastewater sampling and quality monitoring:

- C1: Emission point from the cephalosporins manufacturing plant
- C2: Emission point from the API manufacturing plant

**3. PC CCB, Chemicals program at the Gjorche Petrov site:** defined one measuring point for monthly wastewater sampling and quality monitoring:

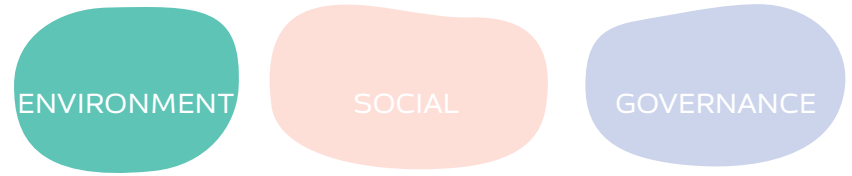
- C1: Emission point from the Chemicals Manufacturing program

**4. At PC CCB, Cosmetics program:** wastewater is monitored at the emission point from the Chemicals Manufacturing program.

**5. At PC CCB, Botanicals program:** defined one measuring point for annual wastewater sampling and quality monitoring:

- C1: Emission point from the manufacturing at the Botanicals program.

**\*Measurements presented in attachment 1: air and water emissions and noise level monitoring**



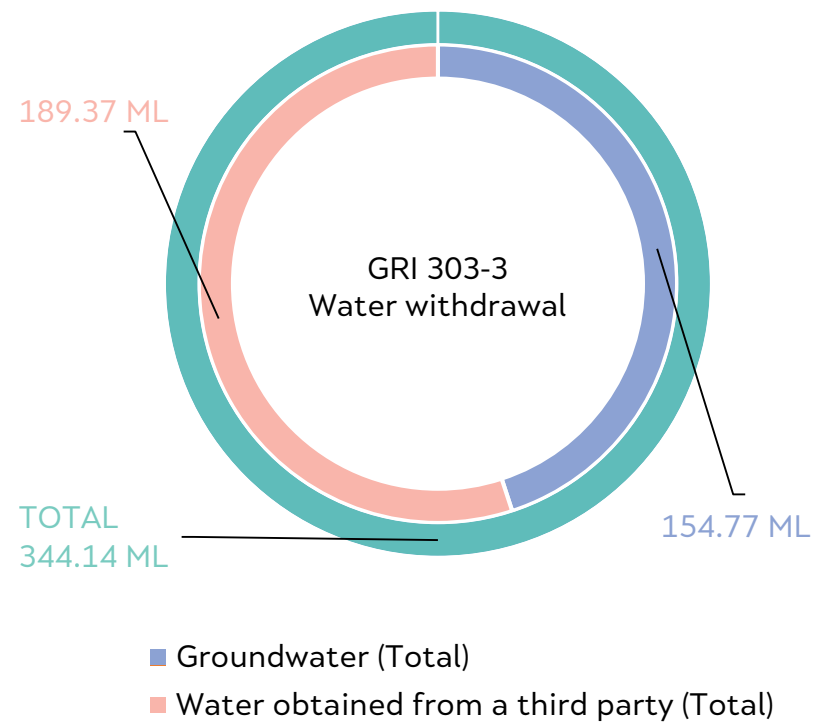
## WATER AND EFFLUENTS

(Reporting is based on GRI 303)

The principles of the standard **GRI 303 - Water and effluents**, are applied for measuring and monitoring water use and emissions in the aquatic environment that may affect water quality.

**Measurement indicators according to the GRI standards for water and effluents include:**

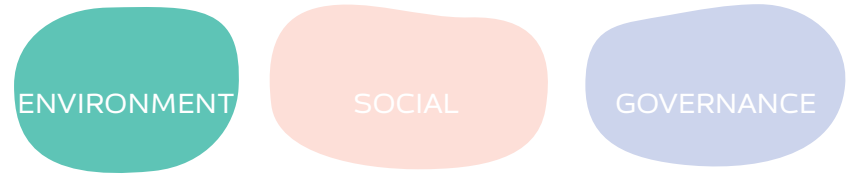
- GRI 303-3 - water withdrawal



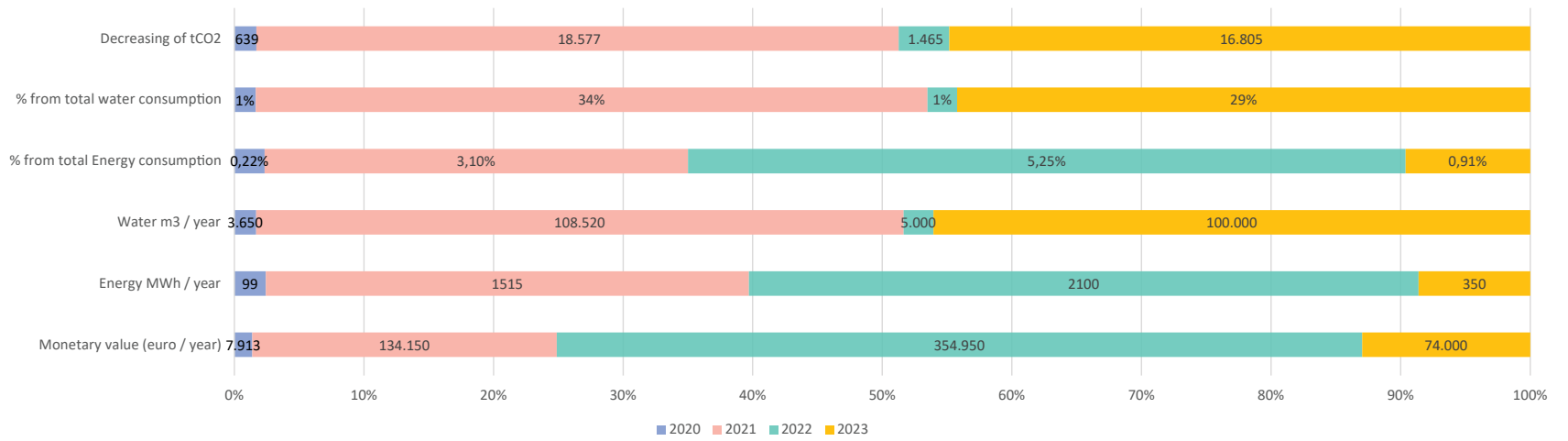
• **Energy Balance Sheet**

Continuous monitoring, water checks, and implemented measures to reduce water consumption have led to a halving of potential water consumption in the last six years. Measures planned in the coming years offer the potential for even better results, leading to the fully sustainable utilization of this resource.





### Achieved reductions from efficiency projects



## Waste Management

Efficiency in waste management relies on minimizing material consumption and waste generation. Activities such as waste selection, reuse, defined disposal procedures, economically viable recycling, or energy recovery through incineration are just a sample of the activities required to achieve this efficiency.

Concerning the relevant regulations, all manufacturing facilities must select, recycle, and minimize waste generation while ensuring safe disposal in line with established environmental protection practices. Responsible personnel at our sites maintain an updated waste register containing details for each waste stream, including its name, description, code, source, volume, composition, hazard classification, and final treatment and disposal methods.

ALKALOID is committed to the following waste management principles:

- Avoiding and minimizing waste generation;
- Promoting reuse and recycling of materials;
- Implementing waste management practices that safeguard the environment and local communities;
- Integrating best practices for risk management and workplace safety into waste management processes;
- Cultivating an organizational culture that prioritizes best practices for waste management and resource recovery;
- Engaging stakeholders and fostering behaviours that support effective waste management;
- Developing and maintaining environmental frameworks and reporting mechanisms that ensure data integrity, facilitate transparent communication, and drive continuous improvement.

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## Waste

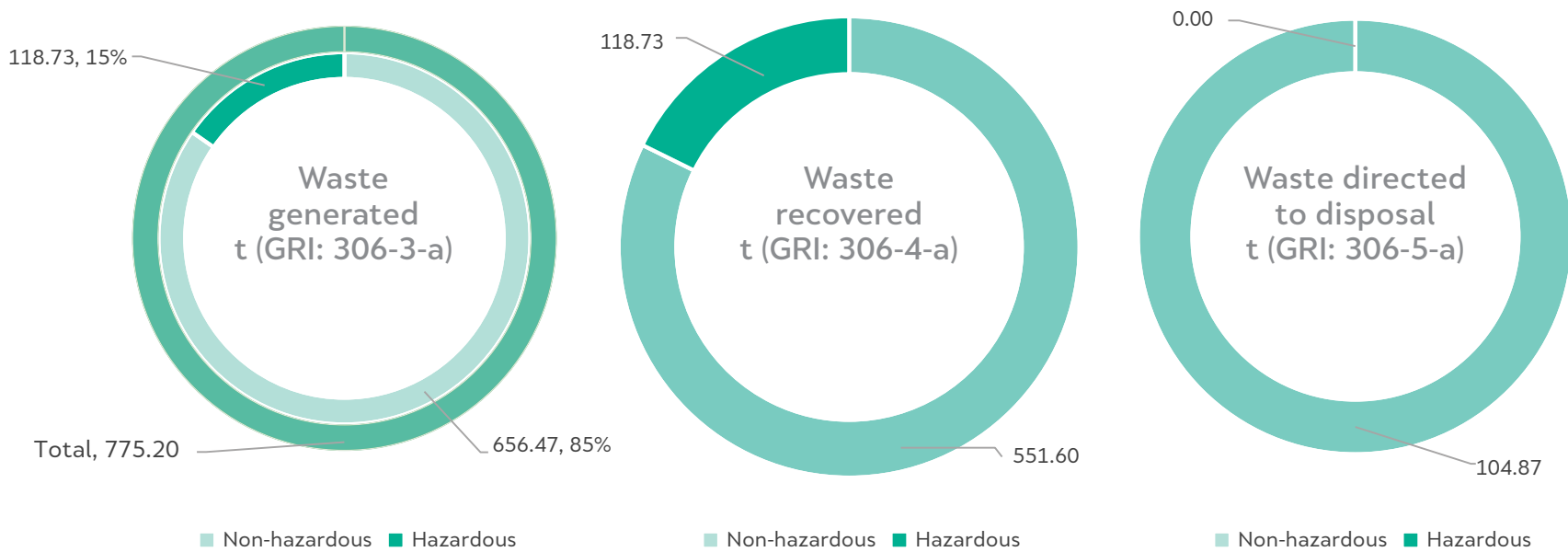
(Reporting is based on GRI 306)

- GRI 306-3 – generated waste
- GRI 306-4 – waste not landfilled
- GRI 306-5 – waste landfilled

Appendix 2: Calculation of generated waste by location



## Total waste generated in ALKALOID 2023



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## Energy

**A**LKALOID prioritizes energy efficiency in its business strategy and environmental stewardship. Our continuous focus on energy as fundamental to all processes, projects, products, and facilities resulted in significant investment and operational measures implemented in 2023.

We continuously reduce energy intensity and ensure continuous improvement of our energy performance by providing information and resources, thereby achieving our goals and objectives. We comply with legal and other requirements on energy and efficient energy use and improve energy performance through design changes in our plants, facilities, equipment, systems, and processes.

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Our continuous focus on energy as fundamental to all processes, projects, products, and facilities resulted in significant investment and operational measures implemented in 2023.

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## Energy balance sheet

**T**hrough continuous monitoring, energy audits, and measures to reduce energy consumption, we have reduced potential energy consumption by over 20% in the last six years. With the measures planned for the coming years, it is possible to achieve even better results, ultimately aiming for complete energy independence.





## Energy

(Reporting is based on GRI 302)

The principles outlined in the standard **GRI 302 - Energy** are designed to calculate and monitor information and data concerning how a company manages the impacts associated with energy use.

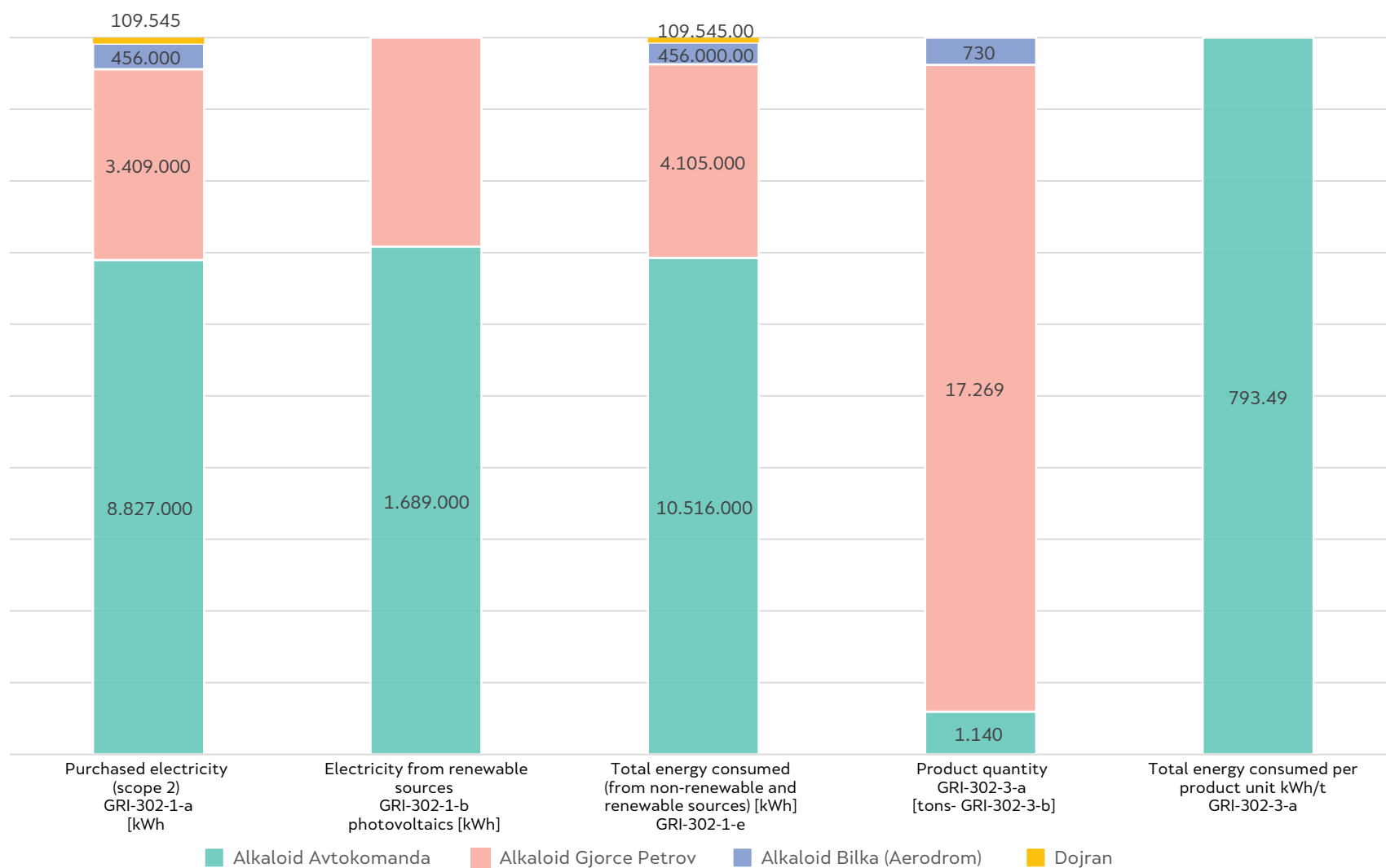
- GRI 302-1 – Energy consumption within the company
- GRI 302-3 – Energy intensity
- GRI 302-4 – Reduction of energy consumption

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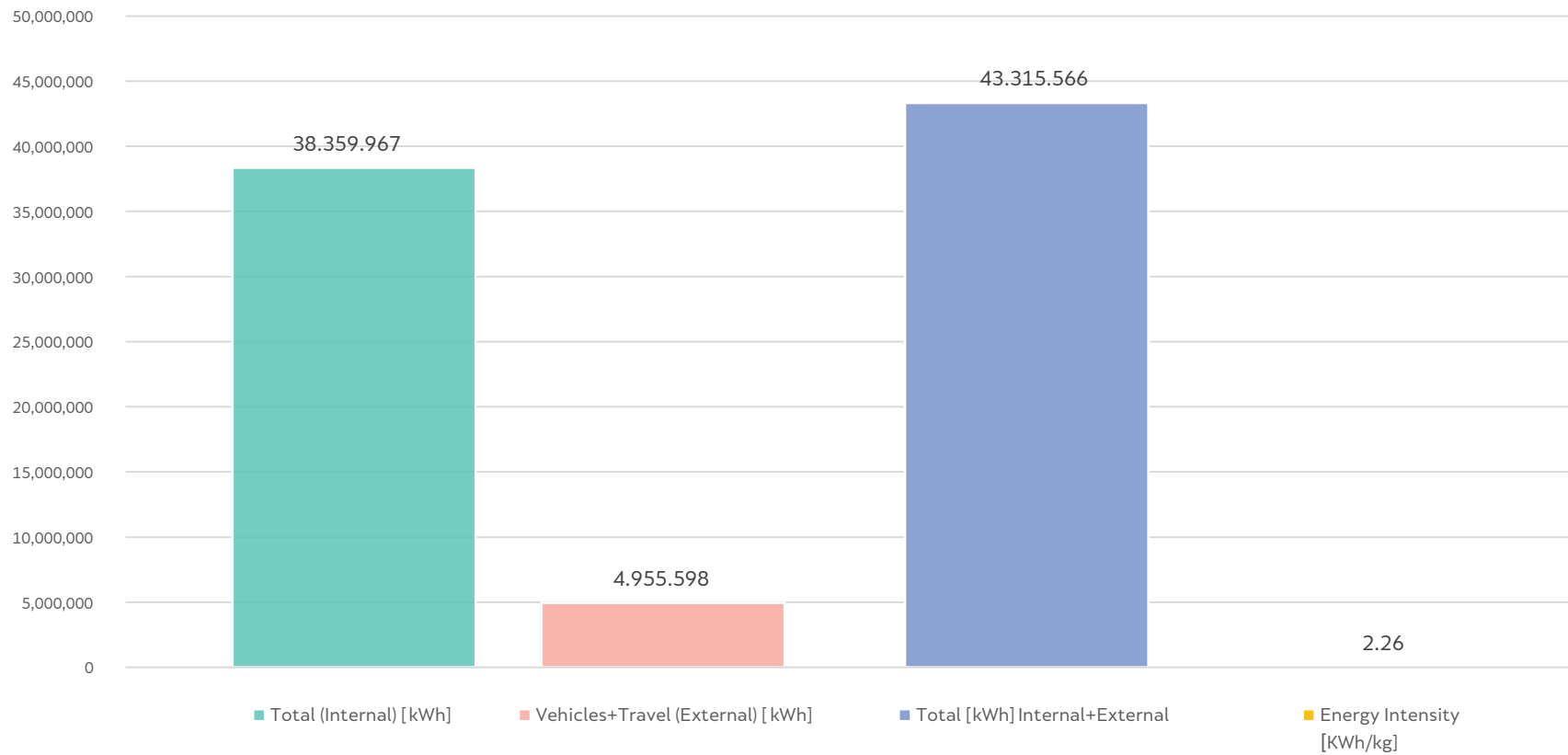
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## Energy consumption from non-renewable and renewable sources



## Total Fuel and Energy Efficiency

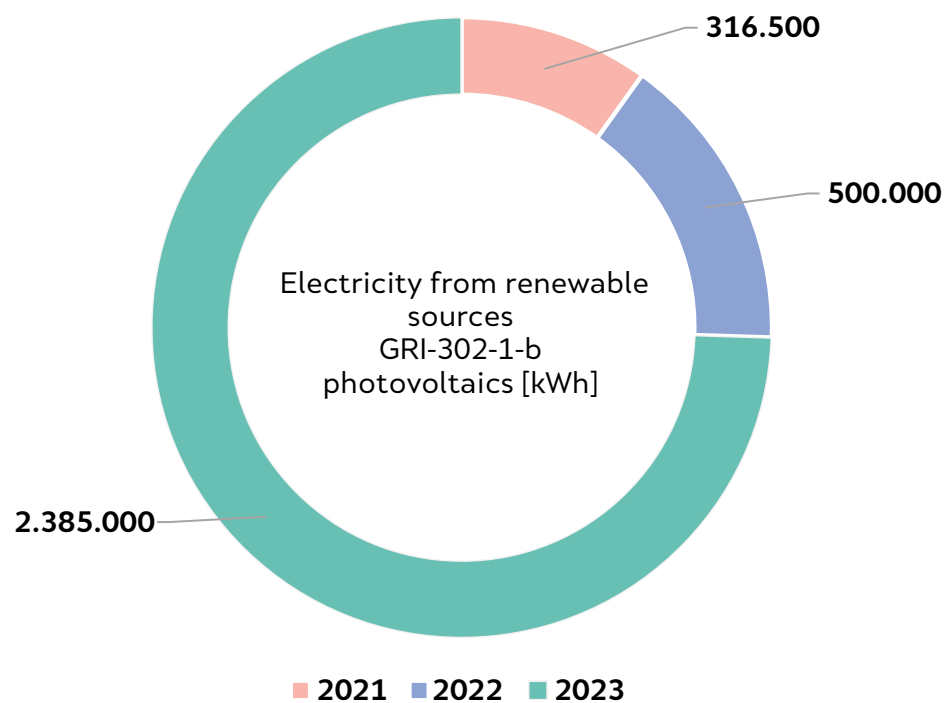


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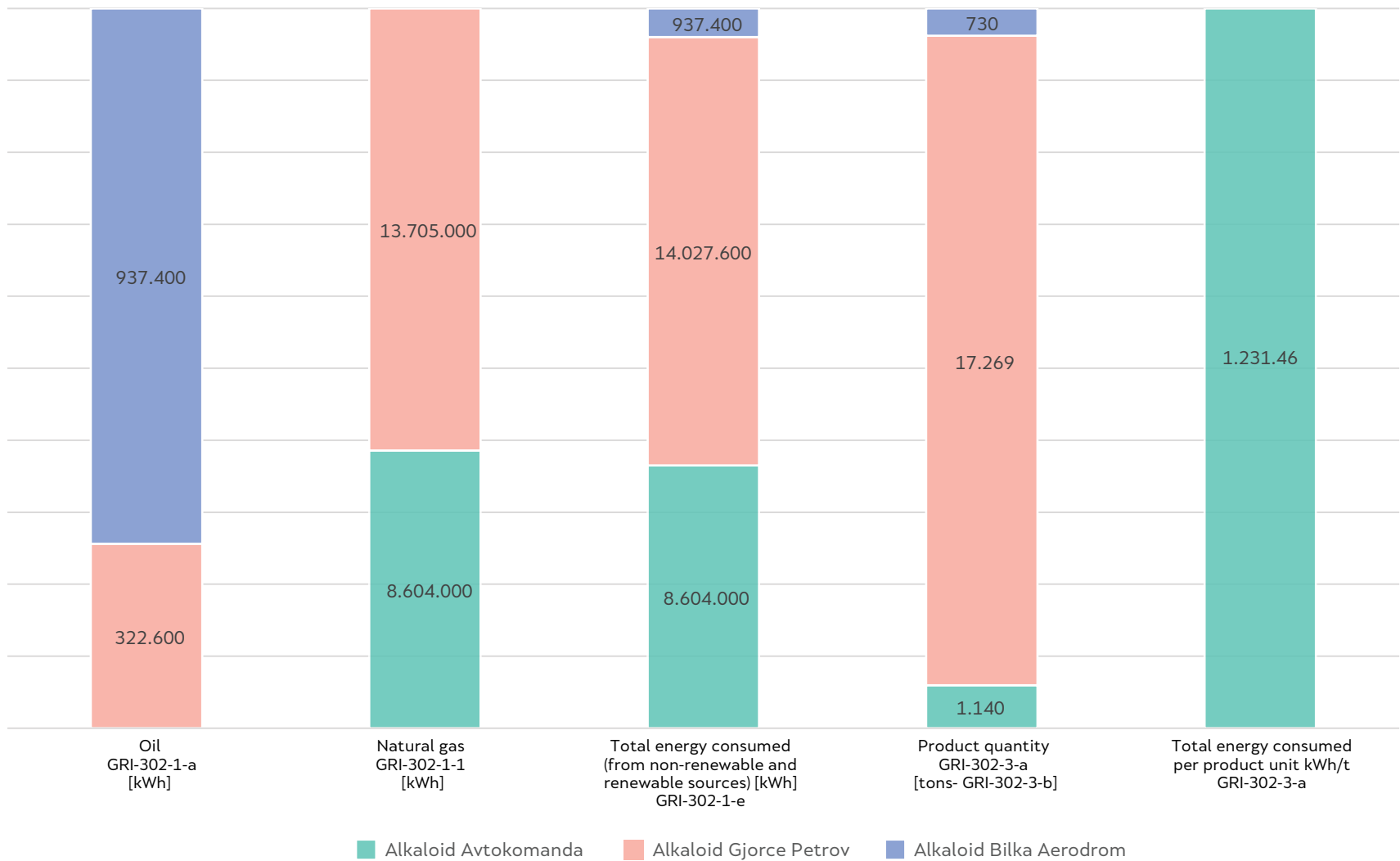
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### Electricity from renewable sources GRI-302-1-b photovoltaics [kWh]



## Energy Consumption for Heating 2023



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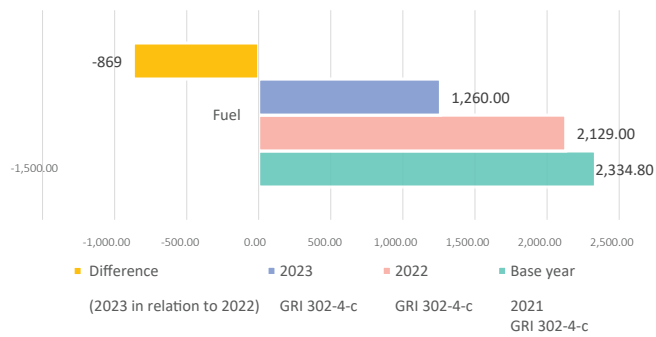
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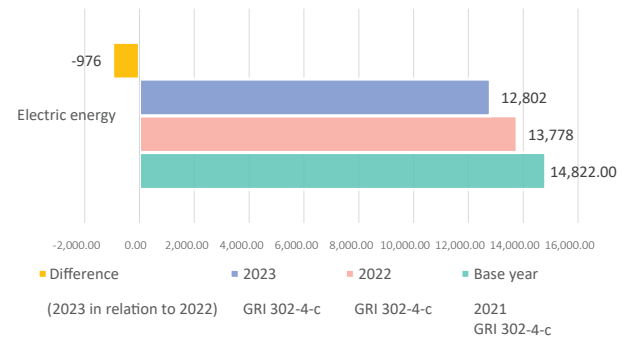


## Amount of energy consumption reduction

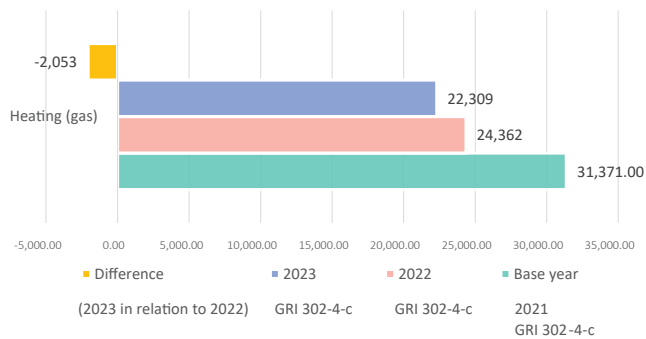
Amount of fuel consumption reductions  
**GRI 302-4-a**



Amount of reductions in electricity consumption  
**GRI 302-4-a**



Amount of reductions in natural gas consumption for heating  
**GRI 302-4-a**



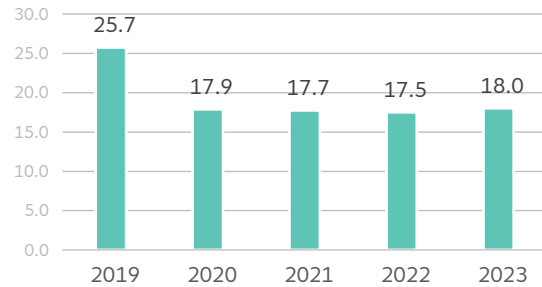
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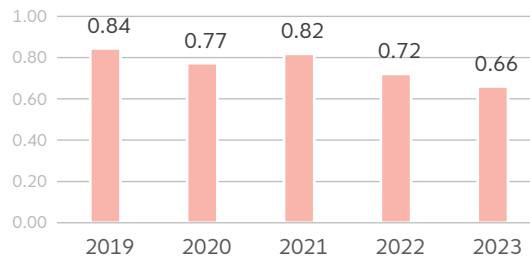
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## Energy intensity

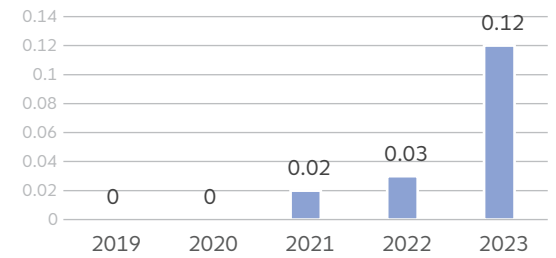
Water resource intensity [m<sup>3</sup>/t]



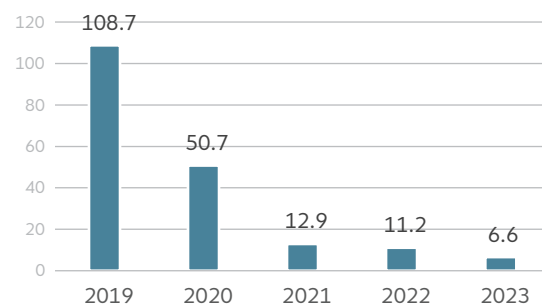
Electricity intensity (purchased) [MWh/t]



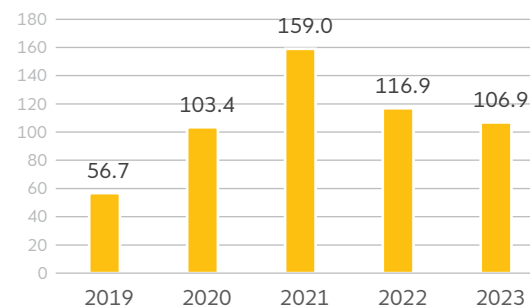
Electricity intensity (direct renewable) [MWh/t]



Liquid fuel intensity [l/t]



Natural gas intensity [Nm<sup>3</sup>/t]





The background of the slide features a blurred, low-angle shot of several people in motion against a bright, hazy sunset or sunrise sky. The silhouettes are dark against the warm, golden light. One person in the foreground is captured in a dynamic, walking or running pose, while others are more stationary or in lighter motion. The overall mood is one of activity and movement.

## IV. Social

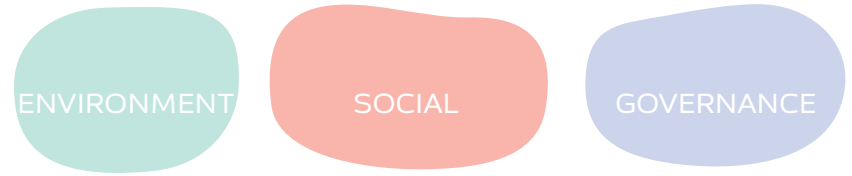


Our company dedicates significant energy and resources to employee welfare and various socially significant projects, driven by our core belief that people are above all.

By championing the Code of Ethics and Professional Conduct, we uphold and advocate for our core values. These values underscore the paramount importance of our people, who represent our most valuable asset, and emphasize integrity, honesty, value-driven leadership, and collaborative achievement of optimal outcomes.

more info

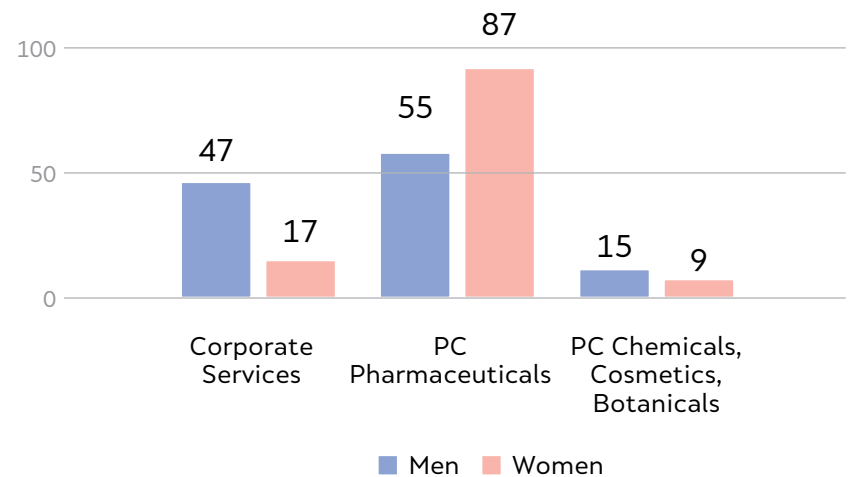




### Employees and the Process of Recruitment and Selection

To sustain and advance our company's growth, the ALKALOID family consistently expands by recruiting skilled professionals who propel us toward new milestones. Presently, the company employs 2103 individuals in ALKALOID AD Skopje, 52 in its subsidiary companies in the country and 688 in its subsidiary companies abroad. In 2023, we welcomed 230 new additions to our family in ALKALOID AD. Furthermore, internal selection processes have facilitated the promotion of existing employees to fulfil roles advertised internally, thereby fostering career progression opportunities within our organization.

**New employees by PC/OU/men/women**

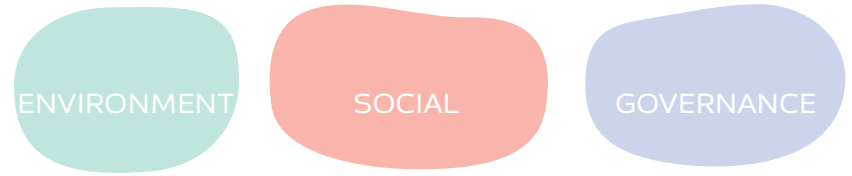


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Presently, the company employs 2103 individuals in ALKALOID AD Skopje, 52 in its subsidiary companies in the country and 688 in its subsidiary companies abroad.

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Throughout the year, we actively engaged with prospective employees through participation in job fairs, fostering ongoing communication, and nurturing partnerships with secondary and tertiary educational institutions. This strategic approach aims to invest in the knowledge and development of emerging talent from the early stages of their education. We also sustained our One Working Day at ALKALOID campaign, transparently showcasing our daily work challenges to our local community.

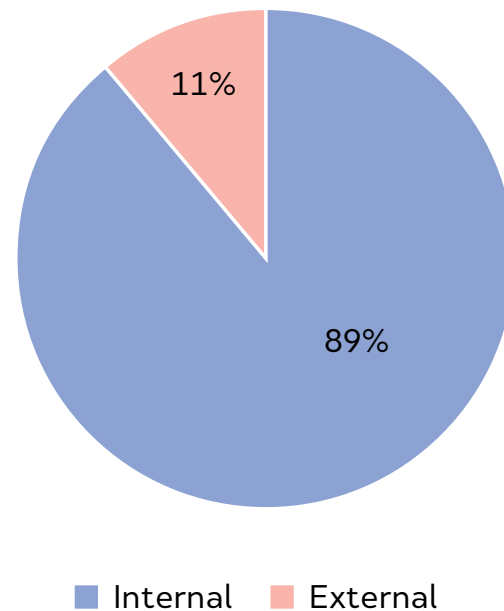


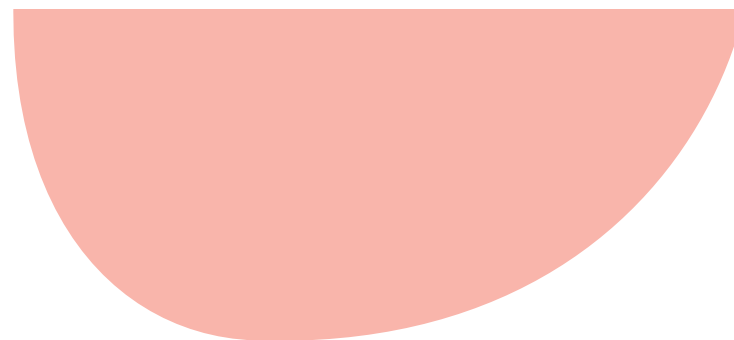
## Employee Training and Development

**A**t ALKALOID, we nurture a culture of ongoing investment in the training and development of our employees, striving to enhance and refine their knowledge, skills, and competencies. Our mission is to facilitate continuous career growth and advancement for all our staff while staying abreast of the latest industry trends.

Through this program, we conduct numerous internal and external training sessions annually. In 2023, the average number of training hours per employee was 119,36

**Hours of Internal and External Training**





### **Employee Satisfaction**

At ALKALOID, we foster a culture where the opinions and voices of our employees are valued, and their satisfaction is paramount.

We regularly conduct employee satisfaction surveys and implement various action plans and initiatives to enhance our workforce's well-being based on the feedback received.

In our most recent survey conducted in 2023, we had 1492 participating employees. The employee satisfaction index was 71.94%.

### **Talent and Performance Management System**

One of our primary objectives is to ensure that employees feel appreciated for their contributions and receive guidance and recognition commensurate with their performance and development.

We actively promote open dialogue and communication across all levels of the organization, allowing employees to give and receive feedback on their performance. To this end, we have involved 767 or 36,47% of our company employees in the evaluation and feedback process. Our aim is to extend this initiative to encompass all employees in the near future.

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### Employee Benefits

Aligned with our core company values and commitment to the well-being of our employees and their families, we offer a comprehensive benefits package, including support for our employees' children and supplementary health insurance.

Through our Benefits Program for employees' children, we provide financial assistance for additional education in foreign languages, computer skills, participation in scientific and cultural activities, and sports and dance programs.

We ended 2023 with 664 completed registrations.

Emphasizing our primary motto, "Health Above All," we also offer private health insurance coverage for all our employees, with favourable options to extend the coverage to their families.

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Emphasizing our primary motto, "Health Above All," we also offer private health insurance coverage for all our employees, with favourable options to extend the coverage to their families.

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### Young Talents Program

We have effectively executed the Young Talents Program for several years, encompassing internships and partial dual education initiatives.

Starting this year, we expanded our collaboration with the Faculty of Pharmacy - Skopje. This partnership now also involves conducting exercises in our training laboratory, organizing visits to our production plants, and hosting lectures by our employees.

The aim is to provide students with practical experience within the pharmaceutical industry, allowing them to gain insights into real-world practices.

In our collaboration with the Faculty of Pharmacy, we integrated the following subjects into their curricula:

- Introduction to Pharmacy
- Cosmetology
- Organic Chemistry Applied in Pharmacy
- Principles of Pharmaceutical Technology
- Advanced Pharmaceutical Technology
- Intellectual Property Rights in Pharmacy
- Medicine Registration
- Instrumental Pharmaceutical Analyses

This year, we welcomed the sixth class of interns. Including previous years, 258 interns from various educational institutions have had the opportunity to familiarize themselves with the processes and activities at ALKALOID. Notably, we hired 29 out of the total of 109 interns last year alone, the largest number of interns employed in a single year since the project's inception.

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Additionally, the Partial Dual Education Project facilitates hands-on learning experiences for 71 talented and ambitious students from the "Dr. Panche Karagjozov" Secondary Medical School. This initiative allows them to acquire and apply new skills within our company's real-world processes.

From the inaugural class of the partial dual education program (2021/2022), 22 students successfully completed their education, 16 (72,7%) with choosing to continue their career journey with us. This achievement underscores our dedication to nurturing young talent by providing structured training and empowering them to embark on their careers with knowledge and confidence.

We remain committed to investing in the education of our young staff, believing that this educational model will cultivate numerous successful young professionals. Through our investment in their education and our positive example and approach, we shape the future of our company and contribute to the advancement of the society in which we operate.



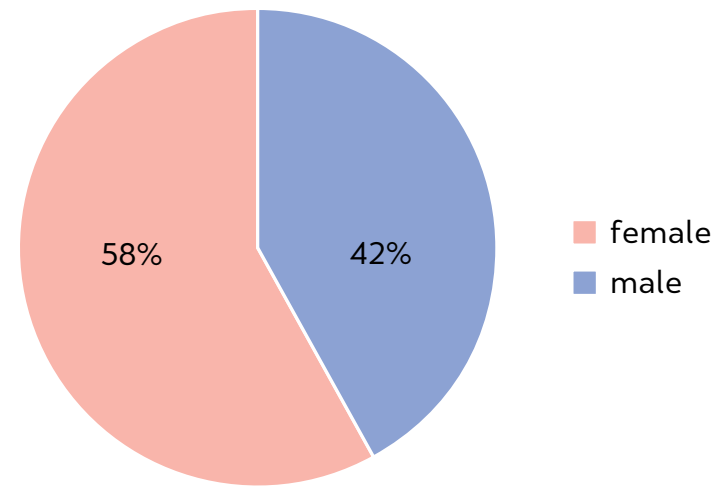
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### Fair Treatment for All Employees

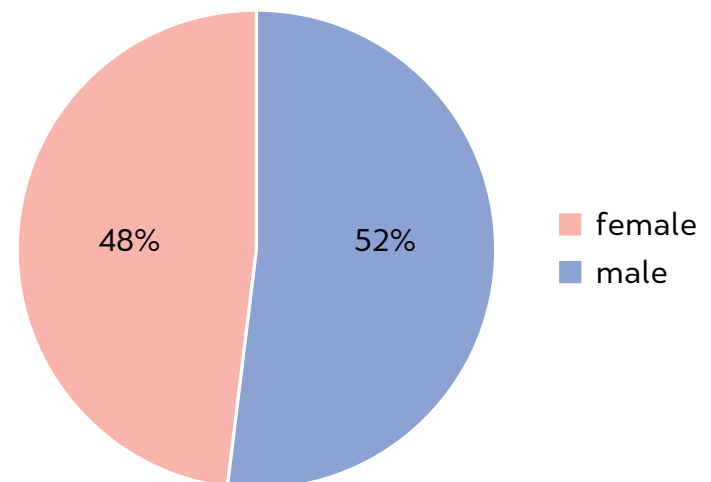
In all our interactions, whether in everyday communication or in the selection of associates, partners, job candidates, clients, and employees, we uphold a non-discrimination policy on any basis. Aligned with our core values, we embrace diversity with respect and empathy, regardless of origin, national or ethnic affiliation, age, language, religion, gender, social status, sexual orientation, values, or interests.

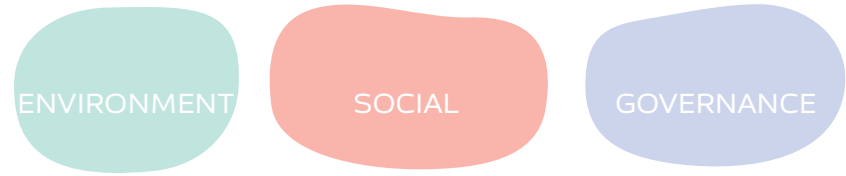
We adhere to an equal opportunity and equal treatment policy for all employees, fostering an environment where every individual can showcase their talents and contribute to the company's success. We view the diversity of perspectives as an asset in our daily operations.

Gender structure in ALKALOID AD Skopje

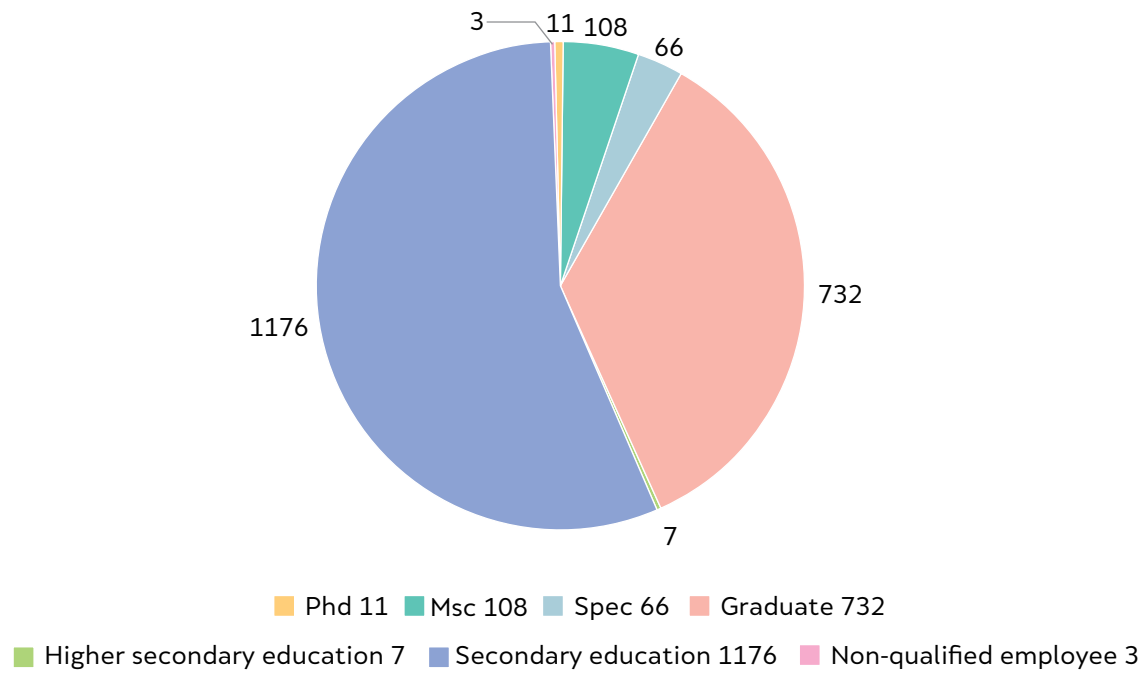


Gender structure of head positions in ALKALOID AD Skopje





**Employee Qualification Structure at ALKALOID AD**



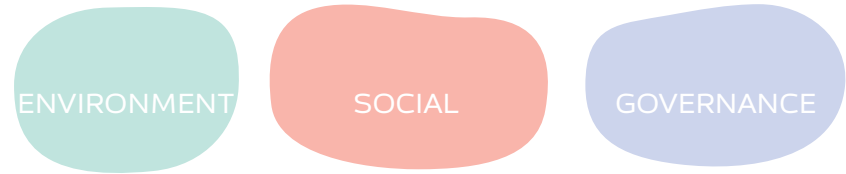
## Safety and health at work

### **Occupational Safety and Health Management System (Reporting is based on GRI 403 – 1)**

Applying safety and health principles is integral to managing all processes at ALKALOID. We are committed to continuously implementing and improving the most recent global safety and health practices for our and our partners' employees. Through collaboration with employee representatives, experts from the Department of Safety and Health at Work, and company management, we diligently work to prevent, reduce, and eliminate workplace risks while consistently investing in enhancing overall working conditions. Our efforts were recognized in 2023 when ALKALOID received the National Award for the best implemented occupational safety and health system among large companies.

### **Hazard Identification, Risk Assessment, and Incident Investigation (Reporting is based on GRI 403 – 2)**

The implemented system prioritizes the safety and health of employees, fostering proactive identification of hazards and assessment of employee health risks before commencing work, when modifying existing processes, or when introducing new ones. This approach leads to implementing measures to safeguard the health of our and our suppliers' employees. Management commitment, the expertise of responsible individuals, and the multitude of internally established control mechanisms ensure the comprehensive and consistent application of protective measures. Additionally, established processes for reporting accidents/incidents facilitate prompt investigation and identification of causes, enabling swift and efficient remediation to prevent recurrence in the future.



| Indicators for identification of occupational hazards and risks | 2022 | 2023 |
|---|------|------|
| Total updated risk assessments                                  | 103  | 122  |
| Total reported near-miss accidents                              | 17   | 31   |

**Occupational Medicine Statement**  
(Reporting is based on GRI 403 – 3)

We acknowledge the health of our employees as a crucial factor in realizing our vision and goals. To this end, we maintain formal partnerships with several health institutions to promote employee health and prevent adverse consequences. The long-standing cooperation and expertise of the specialists we engage with are

fundamental factors that positively influence the overall well-being of our employees. In compliance with national legislation, each employee undergoes appropriate health examinations, and the data contained in the reports are strictly protected, ensuring their privacy.

| Data on preventive health checks                                      | 2022 | 2023 |
|---|------|------|
| Cooperation agreements with occupational medicine health institutions | 4    | 4    |
| Total preventive health checks of employees                           | 1991 | 1698 |
| Recommendations for follow-up checks or other recommendations         | 83   | 25   |

#### **Employee Participation, Information, and Consultation (Reporting is based on GRI 403 - 4)**

Employee involvement and their contributions to decision-making regarding safety and health constitute essential pillars of the established system's functionality. All ALKALOID employees are represented through their formally elected representatives and actively participate in creating a secure working environment. The board, comprising workers' representatives, safety and health experts, and management, fulfils its role by overseeing the implementation of safety and health regulations, mitigating workplace risks, and safeguarding employee safety and health. The Safety and Health at Work Board provides conclusions, recommendations, and opinions on all aspects of the management system, and specialists from various fields are included in its work as needed.

#### **Occupational Safety and Health Training (Reporting is based on GRI 403 - 5)**

The training process is designed to familiarize employees with safety rules and measures, drawing from national legislation and our implemented system. These training sessions occur with each new hire, position change, workplace transition, or new equipment and machinery introduction. Alongside mandatory sessions, employees receive ongoing instruction and practical training based on established internal guidelines in workplace safety, fire and explosion prevention, and evacuation protocols. Through these efforts, we aim to mitigate the risk of injuries and uphold a secure working environment.

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| Occupational safety and health trainings                                  | 2022 | 2023 |
|---|------|------|
| Number of conducted trainings for employees required by law               | 775  | 2405 |
| Number of conducted OSH trainings for employees                           | 300  | 202  |
| Number of conducted first aid trainings for employees                     | 45   | 167  |
| Number of completed fire and explosion protection trainings for employees | 610  | 1073 |

### **Promoting and Improving Employee Healthcare (Reporting is based on GRI 403 – 6)**

The health and well-being of each employee form the cornerstone of our business culture and ethics, underpinning the company's growth and development. Our priorities stem from the individual employees, extending to their families, with health and well-being as imperative aspects of our mutual interaction.

To this end, all employees receive non-compulsory private health insurance, facilitating easy and affordable access to premium healthcare services. ALKALOID covers the costs associated with this additional insurance.

Furthermore, in collaboration with our partners, we offer designated time slots for employees to freely utilize sports fields and halls, providing physical activity and relaxation opportunities outside of working hours. We actively encourage employee participation in various sports activities, including the Skopje Marathon, chess events, biking to and from work, and more

### **Prevention and Reduction of Security Impacts Directly Related to Business Relationships (Reporting is based on GRI 403 – 7)**

For our company, promoting and cultivating a secure working environment across all business relationships is as paramount as ensuring safety within our own operations. Implementing rigorous security protocols, conducting thorough risk assessments, and nurturing a culture of transparency and accountability are among the most crucial steps in preventing and mitigating security impacts. Additionally, formal contracts for business cooperation play a pivotal role in guaranteeing the success and sustainability of partnerships. These contracts outline various aspects, including the required level of professional and technical expertise of contractors, utilizing personal protective equipment (PPE), developing occupational safety and health (OSH) plans, and supervising activities. By prioritizing security measures, businesses can proactively address potential hazards, establish clear communication channels, and foster stakeholder trust. This approach lays the groundwork for long-term success and positive collaboration.

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**Employees Included in the Occupational Safety and Health Management System**  
(Reporting is based on GRI 403 – 8)

The occupational safety and health management system is structured to encompass all employees across every department and level within the organization and employees of external companies working on our premises. This comprehensive approach guarantees that every individual, from entry level to top management, is subject to the system's security measures and protocols. We aim to foster a culture where the well-being of each employee takes precedence and where everyone plays an active role in upholding a safe and health work environment.

”

The occupational safety and health management system is structured to encompass all employees across every department and level within the organization and employees of external companies working on our premises.

“

**Injuries at Work**  
 (Reporting is based on GRI 403 – 9)

| Work-related injuries of company employees                              | 2022   | 2023      |
|---|--|-----------|
| Number and rate of deaths   | 0  | 0         |
| Number of severe injuries   | 0  | 0         |
| Rate of severe injuries   | 0  | 0         |
| Number of registered injuries   | 44   | 33        |
| Rate/frequency of registered injuries per 1.000.000                     | 11,36  | 8,07      |
| Injury Severity Rate per 100.000  | 21,44  | 14,3      |
| Number of injuries rate / 1000 employees                                | 19,66  | 13,01     |
| Number of working hours   | 3.871.199  | 4.090.490 |
| Main causes of work-related injuries                                    | Slipping, tripping, falling, and unsafe handling |           |
| Work-related injuries to workers not employed but under company control | 2022   | 2023      |
| Number and rate of deaths   | 0  | 0         |
| Number of registered / severe injuries                                  | 0  | 1         |
| Frequency rate of injuries of supplier employees                        | 0  | 5         |

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**Statement on Occupational Diseases  
(Reporting is based on GRI 403 – 10)**

| Work-related occupational diseases of company employees                              | 2022 | 2023 |
|--|------|------|
| Registered cases of occupational diseases  | 0    | 0    |
| Number and rate of deaths resulting from occupational diseases                       | 0    | 0    |
| Work-related Occupational diseases of workers not employed but under company control | 2022 | 2023 |
| Registered cases of occupational diseases  | 0    | 0    |
| Number and rate of deaths resulting from occupational diseases                       | 0    | 0    |

### Security Personnel Familiar with Human Rights Protection Policies

(Reporting is based on GRI 410 – 1)

The Security and Protection Department follows fundamental principles, ethical standards, and rules of conduct derived from the Constitution, relevant laws, regulations, and internal company policies. Additionally, it adheres to the universally accepted principles outlined in the Code of Conduct for Professional Ethics of CoESS (Confederation of European Security Services) and the Code of Professional Ethics for private security providers of the Chamber for Private Security of the Republic of North Macedonia.

Department employees undergo ongoing internal and external training in various aspects of private security. This includes specialized training, workshops, and exercises covering the appropriate use of force and coercion, effective communication skills, respect for human rights and freedoms, and protecting personal data.

| Areas   | Indicators                                 |                        |
|---|--|------------------------|
| Alignment of internal acts with updates in legislation, bylaws, and other standards   | 100%                                       |                        |
| Training sessions, workshops, and exercises covering the use of force and coercion, communication skills, human rights and freedoms, and personal data protection | Indicators<br>100 %<br>Number of employees | % of trained employees |
|   | 57   | 100%                   |
| Reports on excessive use of force, inhumane or degrading treatment, discriminatory practices, and misuse of personal data   | 0 reports                                  |                        |

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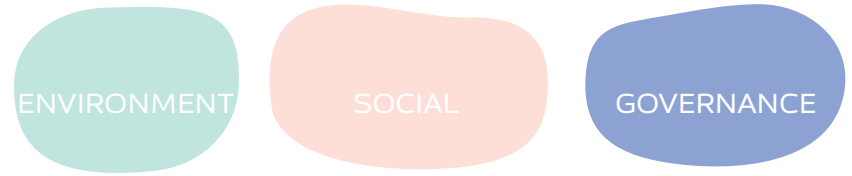


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## Corporate Governance

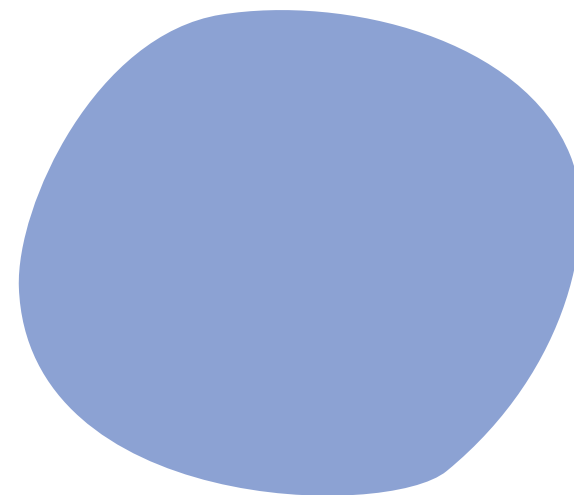
In 2023, ALKALOID continued implementing the basic principles of good corporate governance, as outlined in its Statute and other internal company documents. These practices were integrated into the corporate system and disseminated to each organizational unit.

The company organised, convened and held the Annual Meeting of Shareholders on 3 April 2023 in compliance with its Statute and internal regulations. These internal acts underwent an intensive normative process in 2022 to ensure full compliance with the requirements of the Corporate Governance Code for Companies Listed on the Macedonian Stock Exchange.

In the first quarter of 2023, we formed an interdisciplinary working group dedicated to completing the Questionnaires issued by the Macedonian Stock Exchange. Our objective was to adhere to the Code of Corporate Governance, with these questionnaires appended to the 2022 Annual Report. This initiative showcased the company's pledge to transparency in alignment with the principles outlined in the code.

ESG strategy, ESG risk management processes, and assessments and reporting on ESG processes. Members of the company's management bodies were actively and constructively involved in fulfilling the obligations and responsibilities within their respective scopes, complying with the company Statute and respective bodies' rules of procedure. Each Management Board member ensured continuous two-way communication, consistently conveying aligned views on all ESG issues to the company's organizational structure they represented and encouraging their application. Additionally, they kept the management informed on industry trends and business requirements to assess and incorporate them into the ESG processes.

In 2023, management bodies actively monitored and supervised the

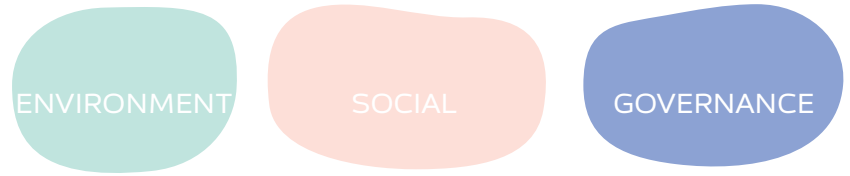


Abiding by the Rulebook on Shareholder Relations, ALKALOID reaffirmed its commitment to engaging and collaborating with its shareholders. The company undertook activities to ensure greater availability, transparency, and protection of shareholders' rights and interests throughout the year, including during the Annual Meeting of Shareholders. Specifically, shareholders were offered several technical conveniences to facilitate participation in the Annual Meeting. These included access to downloadable forms directly from the company's website and a dedicated email address where they could register their attendance at the Assembly.

In 2023, the Corporate Secretary enhanced his competences to streamline and centralize support for the management bodies within their respective areas of responsibility. Concurrently, he was pivotal in coordinating and organizing all activities pertinent to ESG processes within ALKALOID.

In October 2023, ALKALOID adopted the Supplier Code of Conduct, reaffirming its commitment to conducting all business operations with the highest ethical standards, including ensuring and upholding an open and responsible supply chain. Through adopting the Supplier Code of Conduct, ALKALOID actively cooperated with and provided training to its suppliers, encouraging their participation in compliance evaluation platforms where applicable. ALKALOID demonstrated its commitment to establishing a sustainable supply chain where current and future suppliers and their partners and collaborators continuously adhere to environmental and social standards and good corporate governance principles.

To fulfil our commitment to transparency, in 2023, we posted all significant normative acts related to corporate management on the company's website, aiming to update them regularly. This ensures that all our stakeholders can stay informed promptly and comprehensively about our efforts and commitments to establish normative standards for further developing good corporate governance principles.



## PROFESSIONAL ETHICS

One of the fundamental principles guiding our company's business activities is strict adherence to local and international regulations, internal acts, and voluntary commitments, alongside the unwavering dedication of management and employees to uphold ethical principles and standards.

### Code of Ethics and Professional Conduct

ALKALOID's Code of Ethics and Professional Conduct and its associated processes embody a set of universally recognized ethical principles and standards tailored to our organizational structure, industry, and business environment. By promoting the company's core values, this code serves as a normative framework empowering employees and managers to autonomously make ethical decisions in their daily work tasks, responsibilities, and areas of authority, fostering a corporate culture aligned with our mission and vision.

In 2023, under the leadership of top management and with the assistance of the Corporate Compliance Officer and the Corporate Compliance Commission, the company continued to advance this initiative by providing institutional support, training competent personnel, and fostering employee awareness of ethical conduct and cultivating corporate integrity and culture.

The AlkaSpeakUp platform serves as a company electronic tool and communication channel enabling our employees and external collaborators to report instances of illegal or unethical behaviour by employees or company executives. Reporters are encouraged to disclose any behaviour that contradicts the Code of Ethics and Professional Conduct principles. The Corporate Compliance Commission evaluates and acts upon these reports based on clearly defined rules and principles established in relation to the code.

CODE OF ETHICS  
AND PROFESSIONAL  
CONDUCT  
PRINCIPLES  
[download here](#)



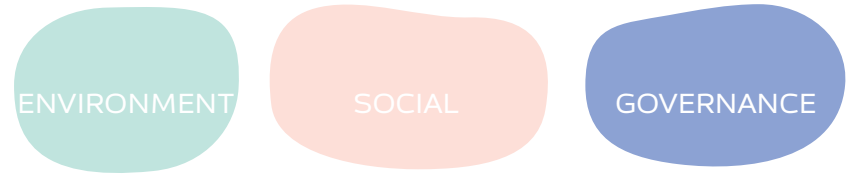


### **Overview of Procedures for Violation of the Code of Ethics and Professional Conduct**

In 2023, the Corporate Compliance Commission adopted three findings as part of the ongoing Code of Ethics and Professional Conduct violations investigations. Additionally, the corporate compliance officer received several reports and notifications through the AlkaSpeakUp platform regarding potential code breaches by company employees. Subsequently, the compliance officer forwarded three new cases meeting all requisite reporting criteria to the Corporate Compliance Commission for further review and action.

In 2023, the AlkaSpeakUp platform underwent minor adjustments to its features, intending to offer reporting parties guidance and more straightforward platform navigation and ensure they have access to relevant information and quality reporting. These reports are the foundation for the Corporate Compliance Commission to conduct procedures and pass decisions aligned with the Code of Ethics and Professional Conduct principles.

In collaboration with its subsidiary companies, ALKALOID conducted training sessions for employees and managers on the Code of Ethics and Professional Conduct. Additionally, technical enhancements were implemented on the websites of some of the subsidiaries to facilitate access to the AlkaSpeakUp platform, ensuring ongoing access to the platform across the group.



### **Anti-Corruption Policy**

The anti-corruption policy aims to elaborate on specific principles outlined in the Code of Ethics and Professional Conduct and the Code of Interaction with Healthcare Professionals. It reinforces the commitment to ethical promotion, corporate integrity, and reputation, grounded in honesty, fair conduct, and personal integrity. These principles apply to all employees, managers, and individuals affiliated with the company in any capacity. The anti-corruption policy comprehensively governs all aspects of prevention and sanctions for illegal payments, bribery of public servants and public office holders, and other forms of corruption. These parameters are the foundation for our interactions with the state structure and society.

### **Code of Interaction with Healthcare Professionals and Ethical Promotion**

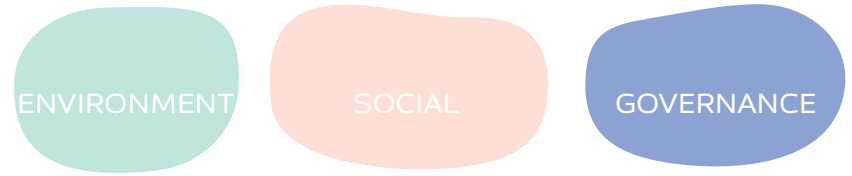
The pharmaceutical industry involves unique aspects such as the promotion of our products, communication, and interactions with healthcare professionals and organizations. Therefore, this code holds exceptional significance for our company, given that adherence to its principles is subject to numerous legal and regulatory requirements and industry standards. Moreover, it enhances the potential for new business opportunities and collaboration with reputable companies. Through employee training on the proper implementation of the code, we consistently ensure that our medical representatives fully comply with all relevant industry codes and applicable regulations. Ethical promotion of our pharmaceutical products entails sharing accurate, balanced information that does not mislead healthcare professionals. Additionally, promotional materials for our pharmaceutical products thoroughly evaluate the benefits and risks associated with product use, aligning with the information outlined in the Summary of Drug Characteristics.

## Personal Data Protection

ALKALOID remained committed to maintaining a robust system for the protection of personal data. In 2023, we introduced a new IT system for processing of personal data, aligning with our data protection and privacy obligations. Emphasizing the significance of personal data security, we provided regular instructions and guidance to all employees worldwide, exemplifying our values in practice. Our primary objective is to adhere to relevant laws and regulations governing personal data protection across the countries where we operate. We continue to align with the EU General Data Protection Regulation (GDPR) and other privacy regulations by implementing, monitoring, and reinforcing personal data protection practices, policies, and procedures. This compliance includes employee training, impact assessments, processes strengthening data subjects' rights, and incident reporting. Our Corporate Data Protection Officer and its international team collaborated closely with colleagues from the General Affairs department, Marketing department, HR department, and the Corporate Compliance Officer to ensure appropriate privacy notices to third parties and maintain respect for privacy across all areas of operation.

In December 2023, we introduced a Procedure for decision for selecting processors designed to streamline the due diligence process, ensure consistency, and enhance control over processors which are processing data on behalf of ALKALOID. This initiative aims to establish a more effective risk management approach.





## Tax

As a multinational company, the Alkaloid Group adheres to the laws and regulations of the countries where it operates, fulfilling its tax obligations following the applicable regulations. Doing business and employing people in various countries, we fulfil our tax responsibilities, including profit tax, indirect taxes such as VAT, and taxes and social contributions related to our employees. In 2023, Alkaloid paid a substantial amount for the solidarity tax, introduced as a government measure to address the consequences of the crisis.

The Alkaloid group adheres to the fundamental principles in taxation, including timely payment of taxes and submission of tax returns to the authorities as per laws and regulations. We avoid risky tax decisions, stay updated on changes in tax legislation, and provide ongoing training for employees involved in tax matters. Additionally, we prioritize transparent and constructive relationships with tax authorities. As outlined in Alkaloid's Code of Ethics and Professional Conduct, integrity, honesty, and trust guide our approach to taxation.

The Alkaloid Group adheres to international taxation principles outlined in bilateral agreements to prevent double taxation, following the OECD tax convention model for income and capital. This approach ensures a fair tax base in each jurisdiction and mitigates the risk of double taxation.

Our group applies OECD transfer pricing guidelines and country-specific legislation for intercompany transactions, adhering to the arm's length principle. We maintain a documented transfer pricing policy supported by economic analyses and reports. Our transfer pricing documentation, including master and local files, undergoes annual review and updates.

The Alkaloid Group has implemented internal accounting controls, including internal tax controls at all operational levels and within each company, to manage financial and tax risks effectively.

Under the oversight of the Chief Financial Officer, the Alkaloid Tax Department oversees tax matters and upholds the principles outlined in internal acts approved by the Alkaloid's Management Board. These include the Company's Statute, the Code of Ethics and Professional Conduct, and the ESG policy, in line with Alkaloid's Integrated Management System Policy.

Profit taxes are comprehensively documented in our consolidated financial statements, which undergo independent audit scrutiny to ensure accuracy and transparency in tax reporting.

## RISK MANAGEMENT AND BUSINESS CONTINUITY

### Risk Management

The risk management process proceeded smoothly throughout 2023 across various levels within the company:

- Employees and managers within organizational units consistently monitored existing and newly identified risks, implementing measures to mitigate and eliminate them where possible.
- The risk team continued monitoring risks and analysing the potential consequences of their occurrence.
- The risk board carefully oversaw strategic risks that could adversely affect the company's established objectives. They also analysed risks that may be possible opportunities.

In 2023, the company undertook several specific activities related to risk management:

- Regular reassessment of risks, categorized into strategic, operational, quality, and specific risks, with results presented to management and the Risk Board.

- Planned meetings with the risk management and business continuity team were conducted as scheduled.

- A comprehensive GAP analysis was performed to identify necessary changes to relevant risk management documents (such as policies, procedures, SOPs, strategic risk register, methodology, and other documents) to ensure alignment with the updated requirements of the ICH Q9 guidelines.

In 2023, two significant regulations were adopted, expected to profoundly influence the further development of ESG requirements within global and European frameworks, directly impacting ALKALOID's ESG reporting and risk management practices:



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1. In June 2023, the International Sustainability Standards Board issued its first IFRS sustainability disclosure standards: IFRS S1 General Requirements for Financial Disclosures Related to Sustainability and IFRS S2 Climate-Related Disclosures. Effective for reporting periods commencing 1 January 2024, these standards will be incorporated into ALKALOID's 2024 ESG report.

2. On 5 January 2023, the Corporate Sustainability Reporting Directive was adopted. Companies subject to this Directive must adhere to the European Sustainability Reporting Standards (ESRS), published on 22 December 2023. As a company headquartered outside the EU, ALKALOID must comply with these new reporting standards in 2029, for 2028. Alongside a wide range of requirements, the company will have to disclose specific information related to risk management, including:

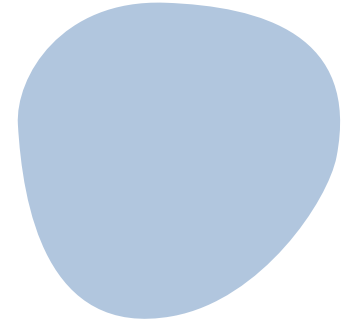
a) Scope, main characteristics, and components of risk management and internal control processes and systems concerning sustainability reporting.

b) Risk assessment approach, including methodology for prioritizing risks.

c) Identification of main risks and corresponding compliance strategies, including associated controls.

d) Description of how the enterprise integrates risk assessment and internal controls findings.

In 2024, we will analyse these standards comprehensively and initiate the process of enhancing our ESG disclosures to ensure timely compliance and implementation of the new EU regulations for non-financial reporting.



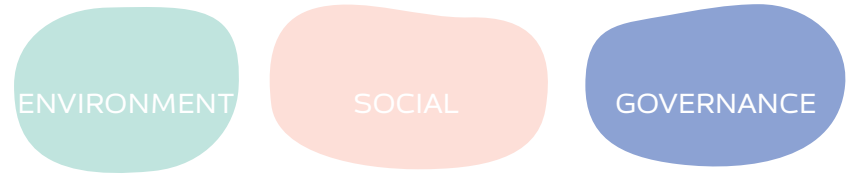
### Continuity of Operations

The business continuity management process aims to adopt a proactive stance and introduce a process to ensure the uninterrupted flow of operations, and the company's preparedness to anticipate, detect, and respond to potential adverse impacts before and during disruptions. These disruptions can potentially hinder the execution of critical processes, impede goal achievement, and undermine stakeholder satisfaction (including suppliers, customers, employees, shareholders, governmental entities, and partners).

Business continuity plans encompass a comprehensive framework for managing all potential risks and opportunities encountered by the company during periods of disruption, including those involving stakeholders.

Through the continuity management system, we establish the following fundamental components:

- Strategy, context, policy, and objectives for business continuity, aligned with the company's strategic direction and overseeing the actions the company will take in disrupted operation scenarios.
- A process and communication framework for business continuity system management.
- Integration of system requirements for business continuity throughout process execution.
- Provision of necessary resources to support the business continuity system's operation.
- Continuous enhancement of the business continuity management system.



Procedures and plans were systematically devised as part of our integrated quality system to ensure business continuity in IT security, pharmacovigilance, partnerships, and preparedness for contingencies such as the COVID-19 pandemic and natural disasters.

The planning and achievements in the business continuity segment at ALKALOID for 2023 are outlined as follows:

**1. Business Continuity (Risks and Opportunities) identified:**

- Thirty-four strategic risks were identified, evaluated, and assessed for their potential impact on operational continuity.

**2. Operations:**

- A business impact analysis was conducted, and a business continuity plan was developed for key strategic products.


**3. The requirements of the ISO 22301 standard are implemented by establishing:**

- Business continuity procedures, Standard Operating Procedures (SOPs) for Business Impact Analysis (BIA) preparation, SOPs for business strategy preparation, SOPs for business continuity plan preparation and associated documentation.

We are fully committed to ongoing improvement in risk management and operational continuity.

The dedication of management and employees to effective risk management and business continuity gives the company a competitive edge, and fosters trust among stakeholders and society.





VI.  
Information on  
Subsidiaries and  
Representative  
Offices

## VI. Information on Subsidiaries and Representative Offices

In pursuit of one of the strategic goals outlined for 2023, ALKALOID has started consolidating its ESG report. A dedicated communication channel focused on ESG matters was established in line with this objective, with each subsidiary company or representative office appointing an ESG officer. This individual communicates and reports all ESG-related issues to the parent company.

The diverse nature of subsidiary companies and representative offices operating globally is a unique challenge in gathering and processing all necessary ESG data, given size, operational scale, and workforce variations. Nonetheless, we are pleased to announce that ALKALOID's ESG report will commence with the publication of all relevant ESG data available from our subsidiary companies and representative offices.

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## Environment

**W**e present the ESG measurement indicators from the environment segment for Subsidiaries and Representative Offices, where applicable.



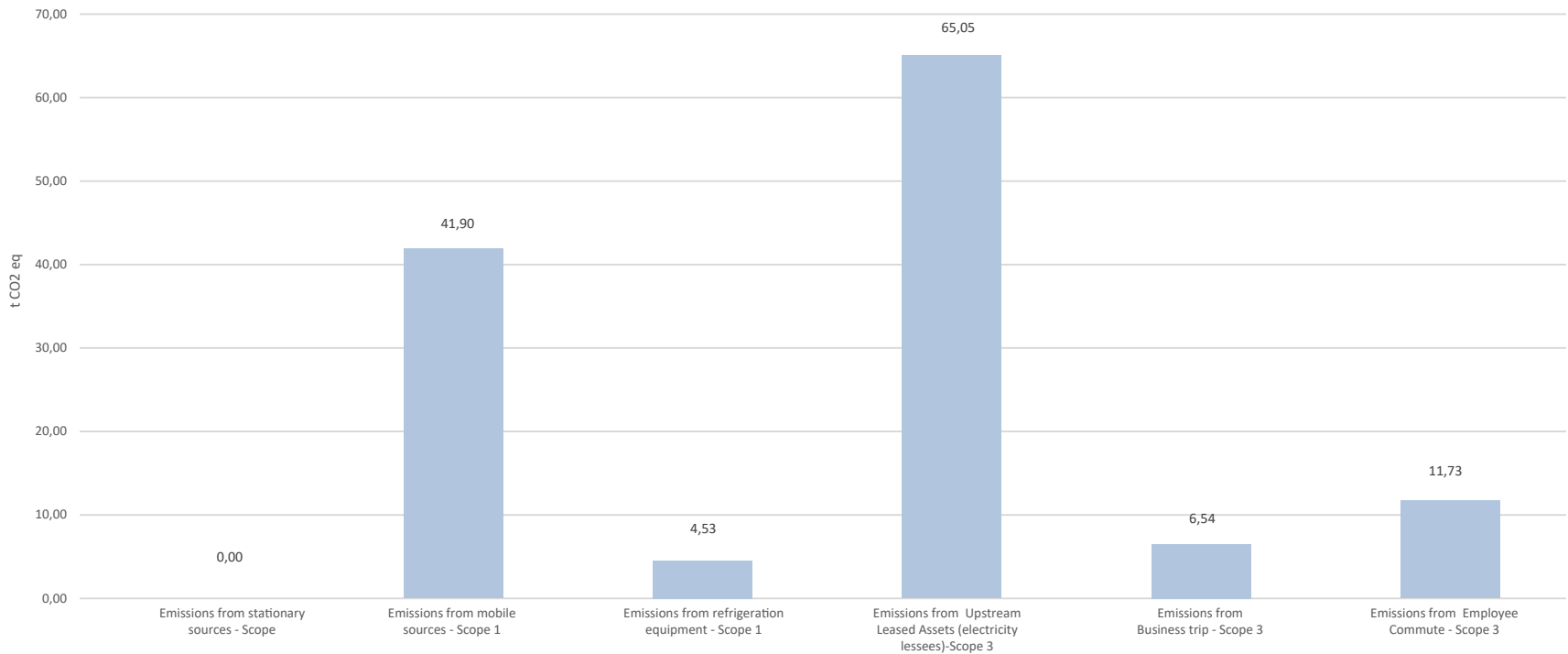
## EMISSIONS

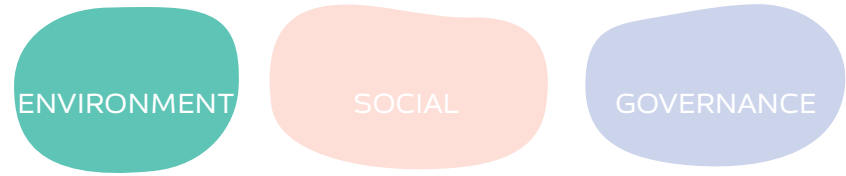
(The notification is made on the basis of GRI 305)

### ALKALOID KONS

Measurement indicators in accordance with the GRI-standards for emissions

Greenhouse gases emitted in 2023 year

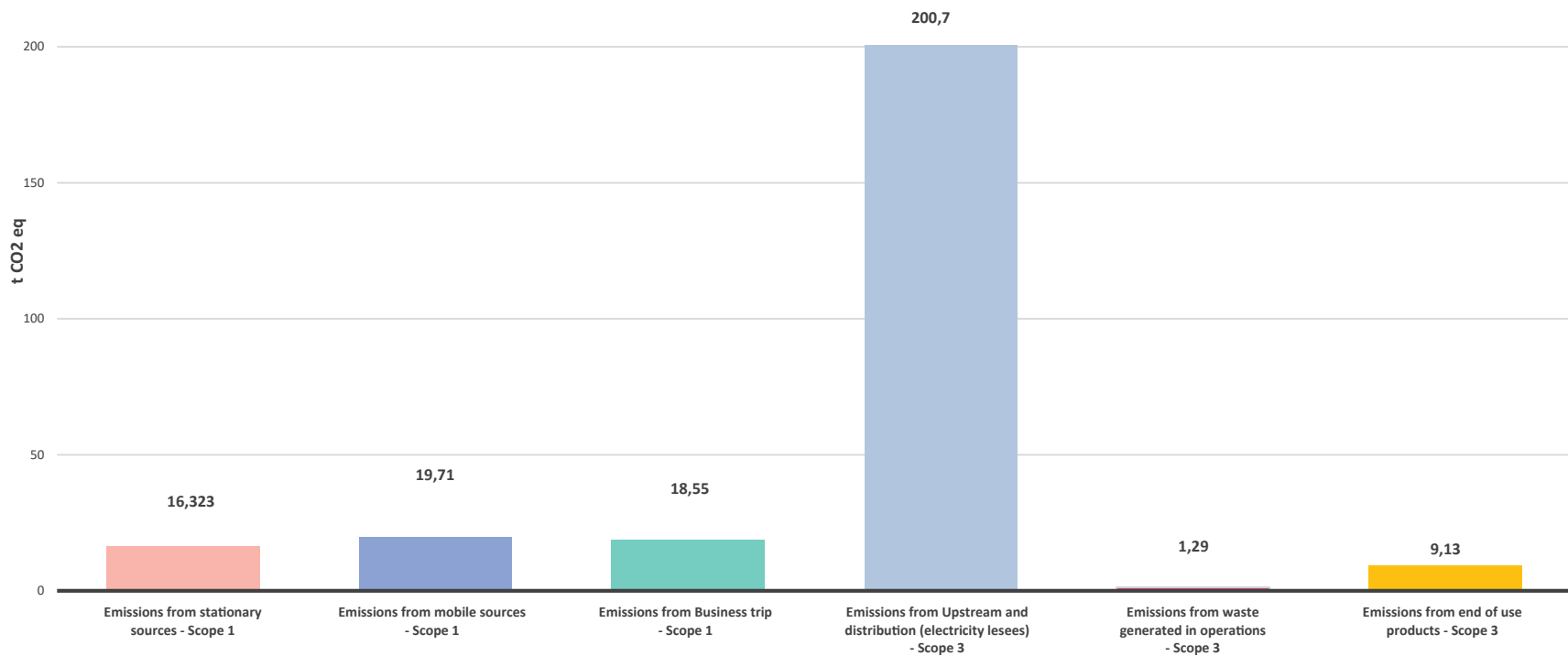




# ALKALOID DOO Belgrade

Measurement indicators in accordance with the GRI-standards for emissions

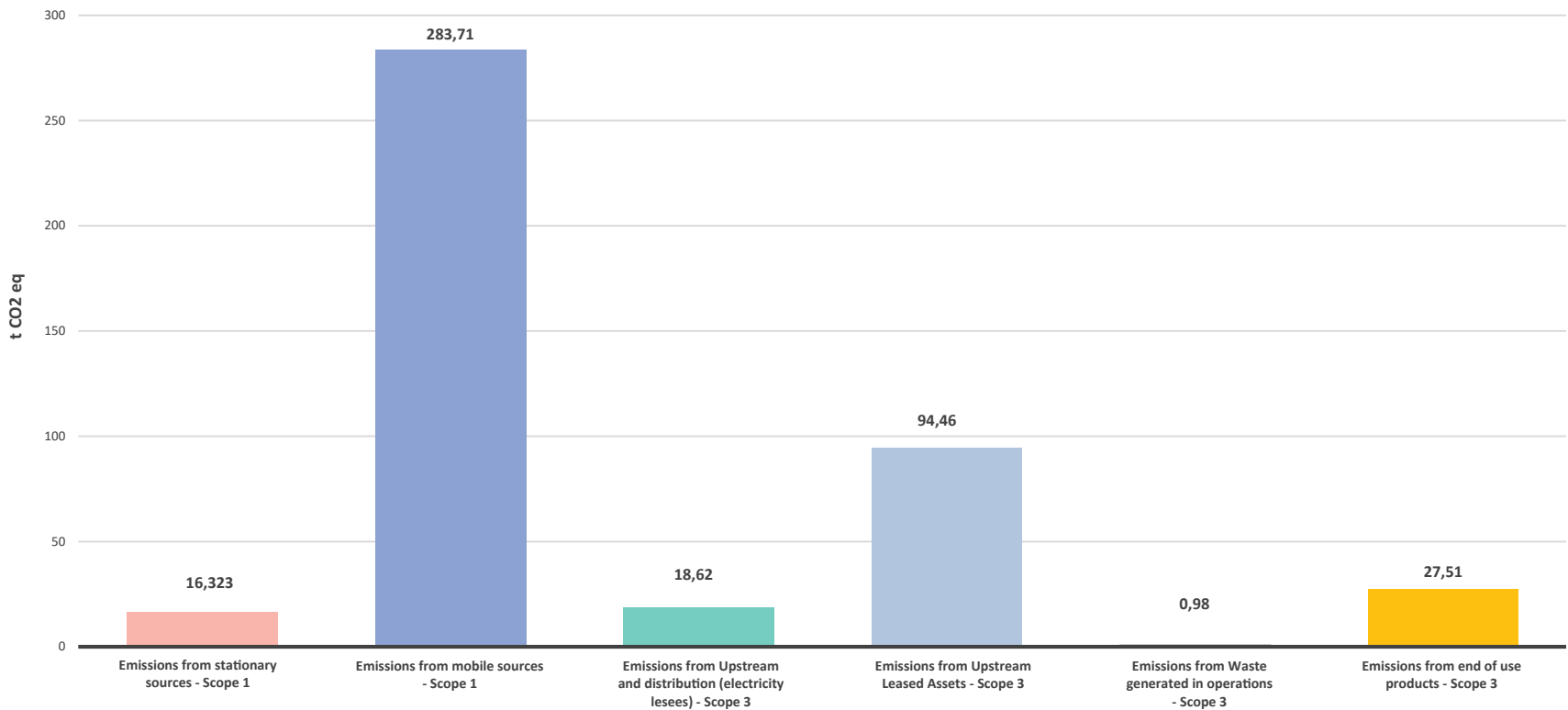
Greenhouse gases emitted in 2023 year

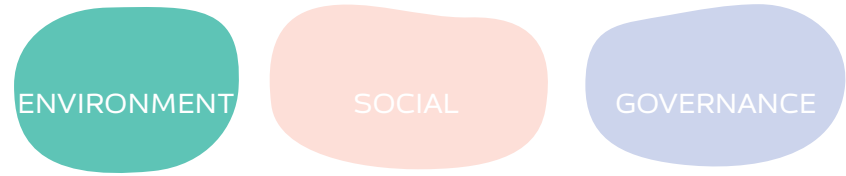


# ALKALOID WHOLESALAS DOO Beograd

Measurement indicators in accordance  
with the GRI-standards for emissions

Greenhouse gases emitted in 2023 year

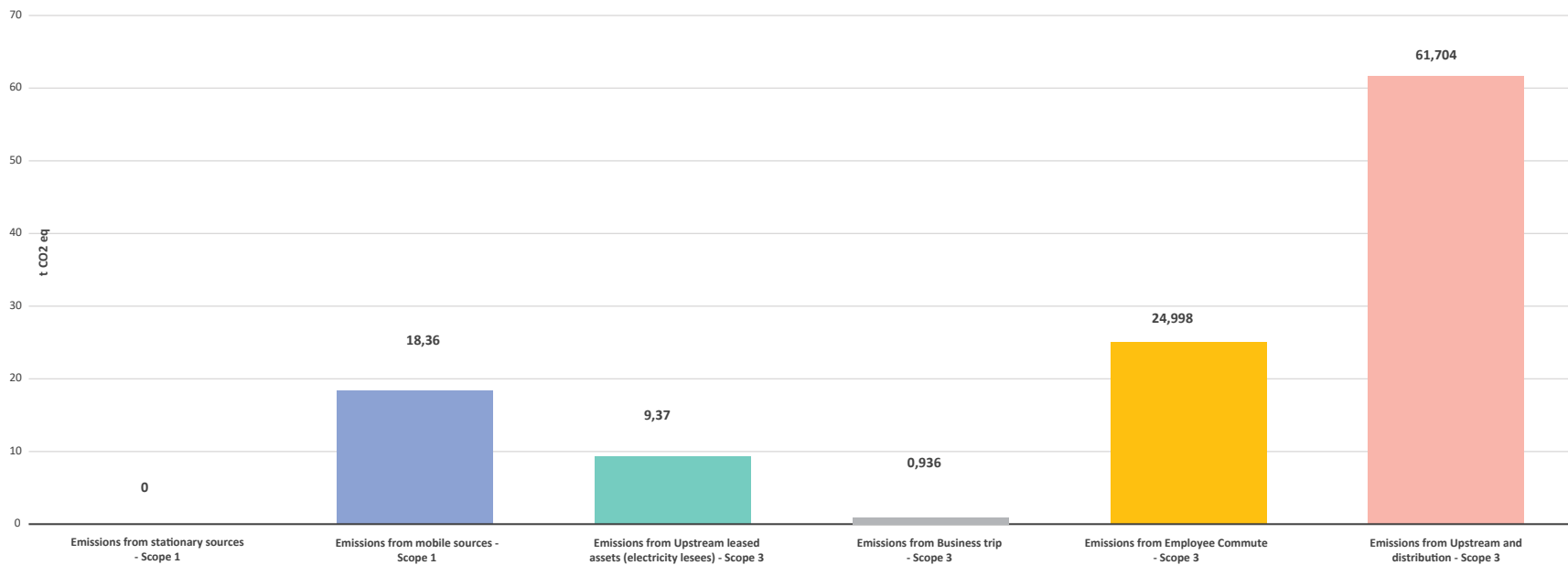




# ALKALOID - INT DOO SLOVENIA

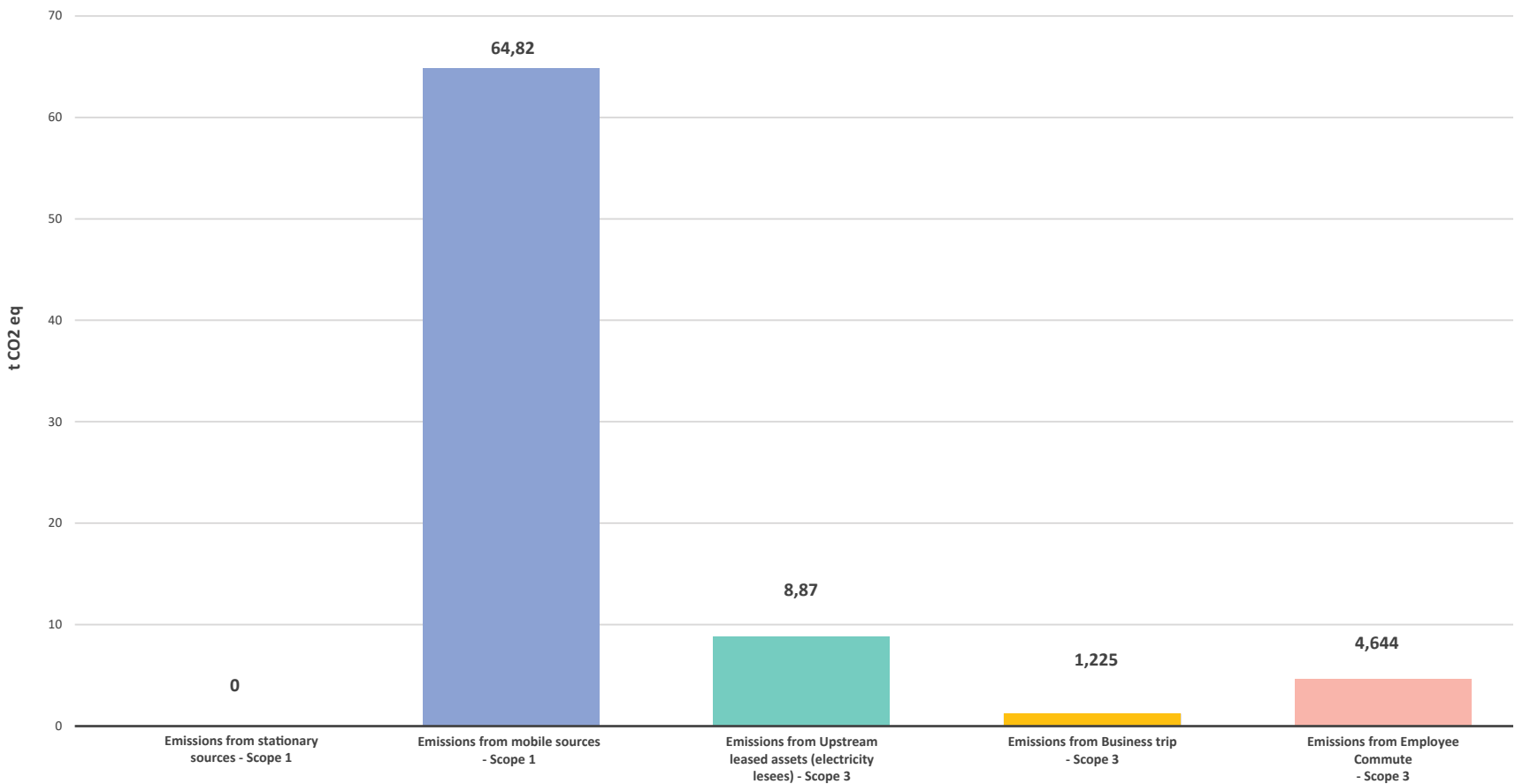
Measurement indicators in accordance with the GRI-standards for emissions

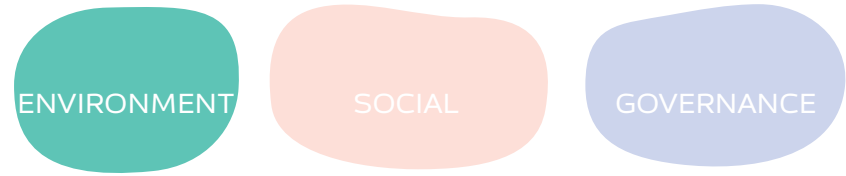
Greenhouse gases emitted in 2023 year



## ALKALOID FARM DOO Slovenia Measurement indicators in accordance with the GRI-standards for emissions

Greenhouse gases emitted in 2023 year

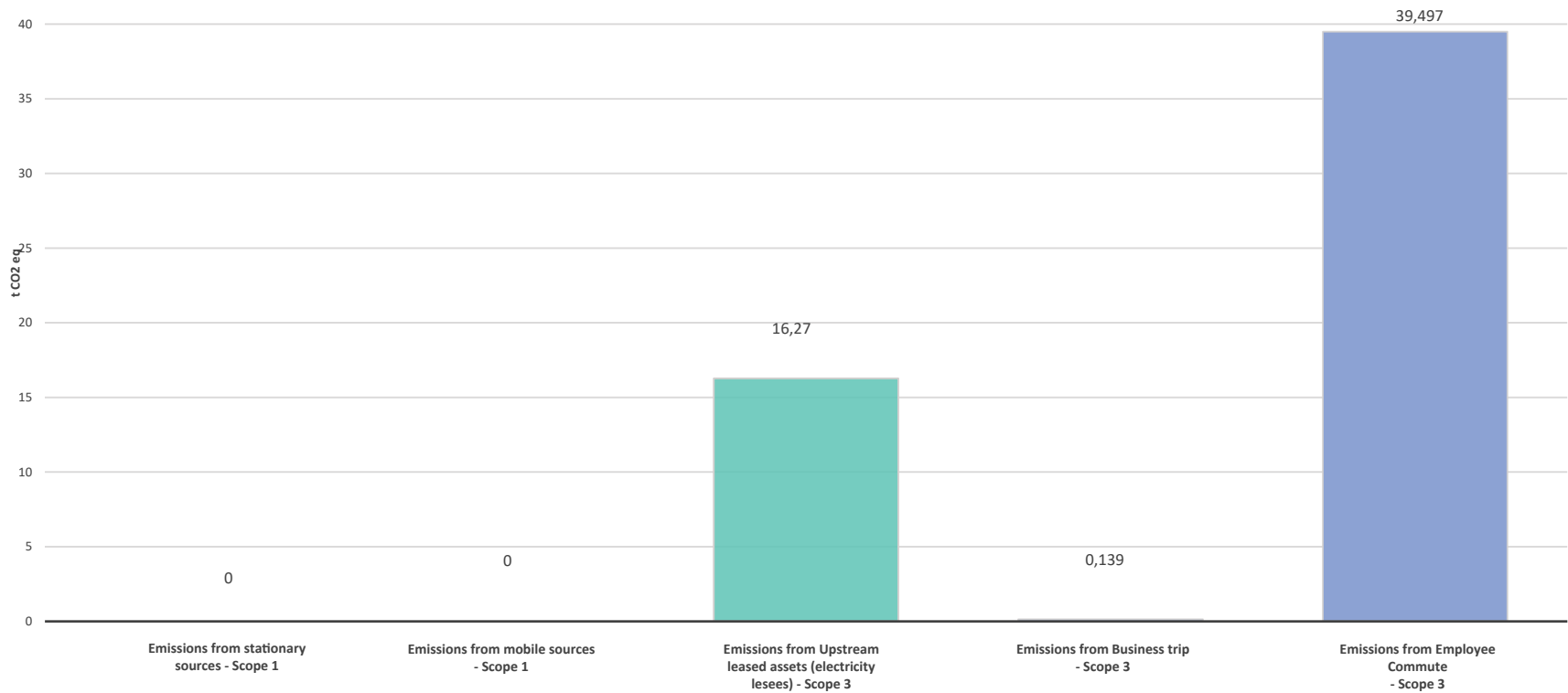




# ALKA-LAB DOO Slovenia

Measurement indicators in accordance with the GRI-standards for emissions

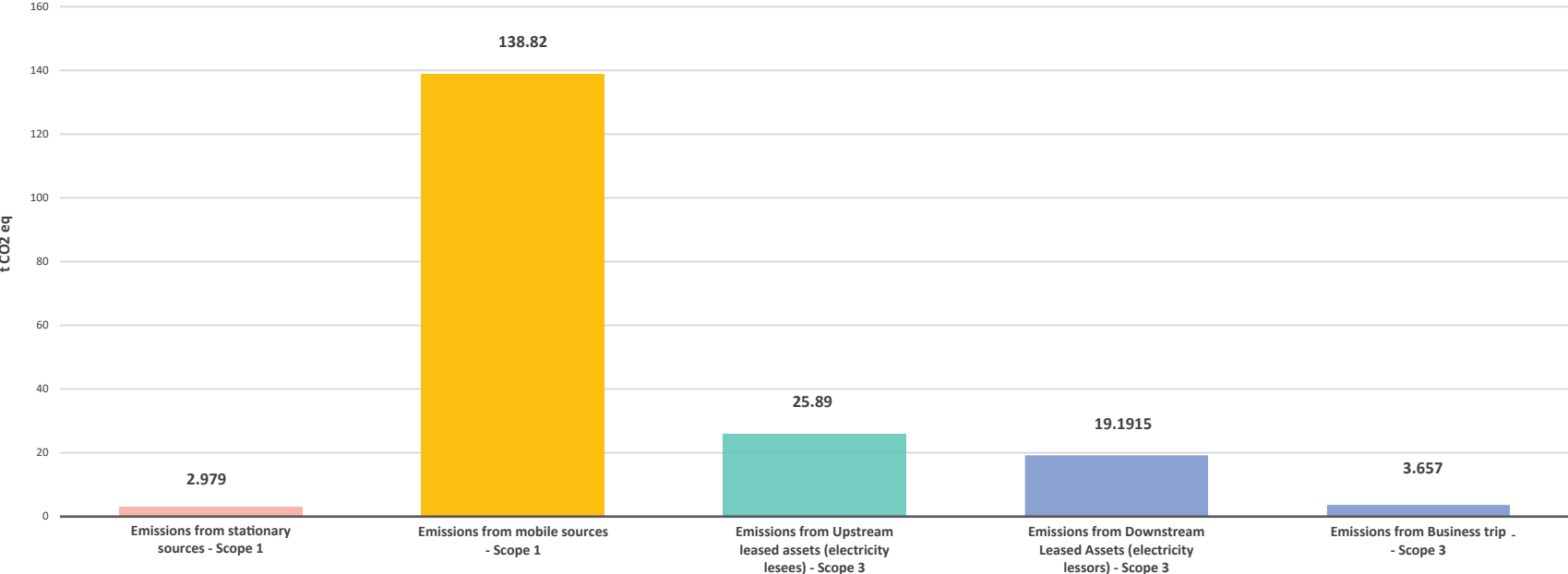
Greenhouse gases emitted in 2023 year

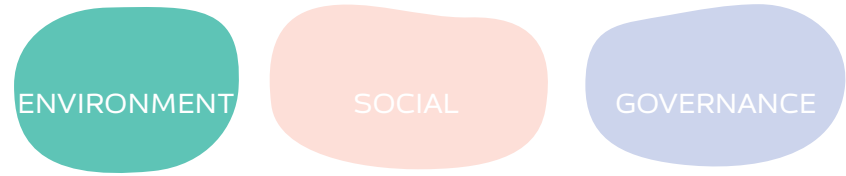


# ALKALOID DOO CROATIA

Measurement indicators in accordance with the GRI-standards for emissions

Greenhouse gases emitted in 2023 year

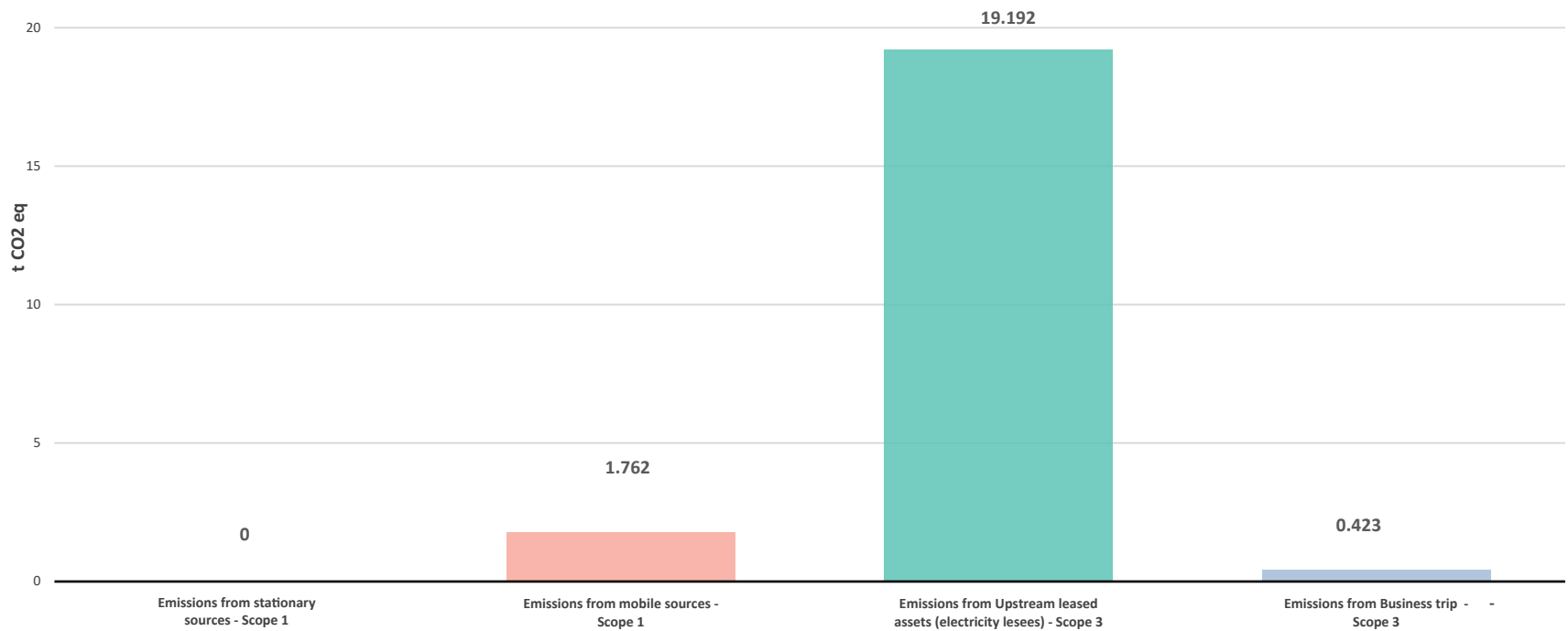




# ALKALOID LGL DOO CROATIA

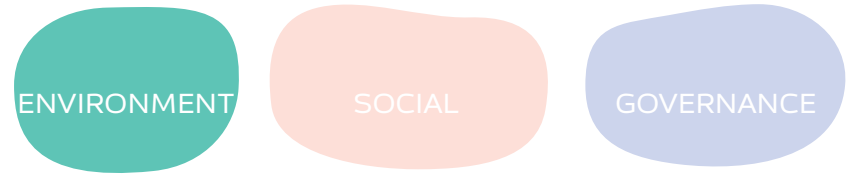
Measurement indicators in accordance with the GRI-standards for emissions

Greenhouse gases emitted in 2023 year



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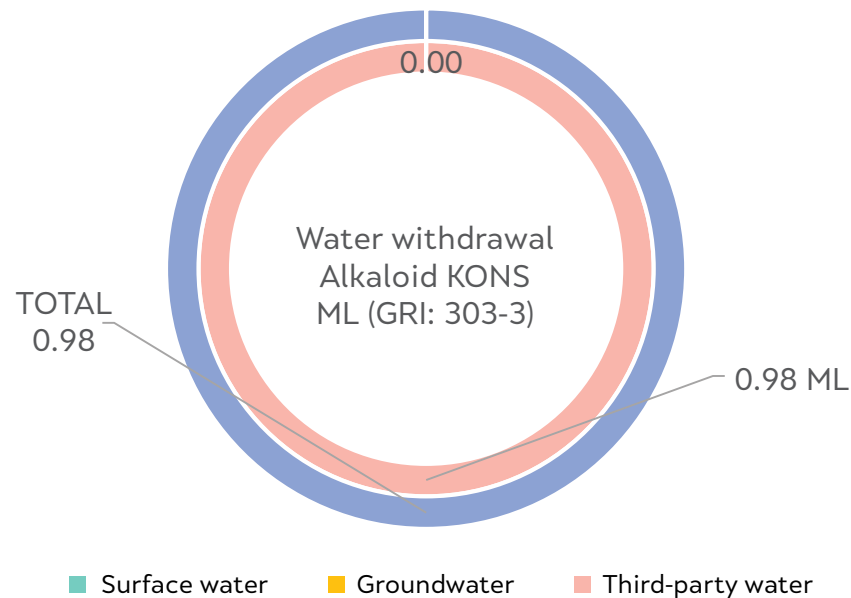


## Water and effluents

(The notification is made on the basis of GRI 303)

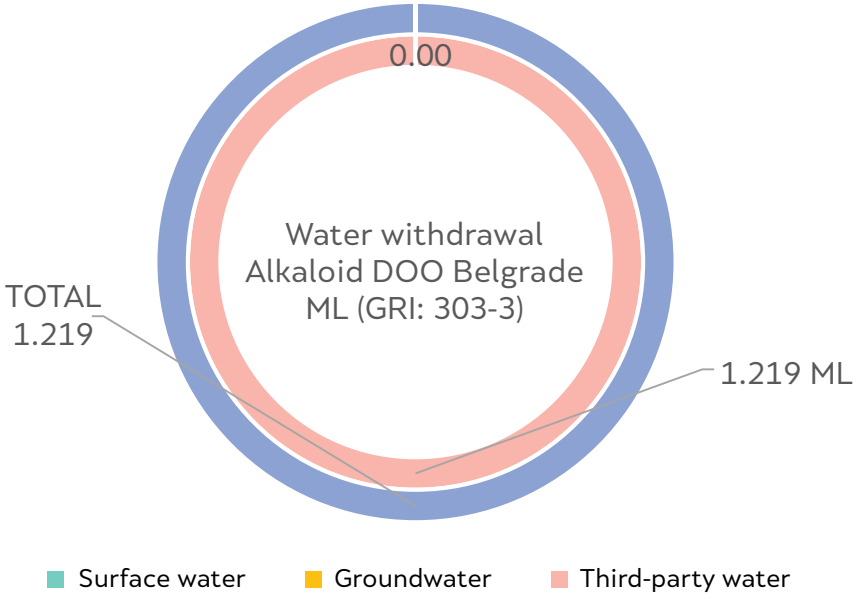
### ALKALOID KONS

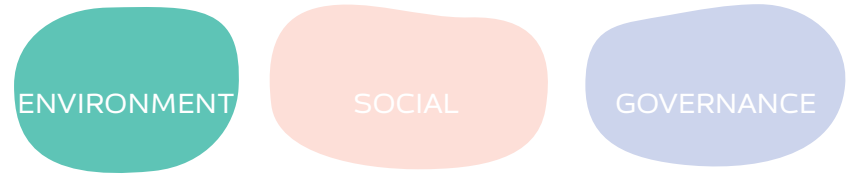
Measurement indicators in accordance with the GRI standards for water and effluents



# ALKALOID DOO Belgrade

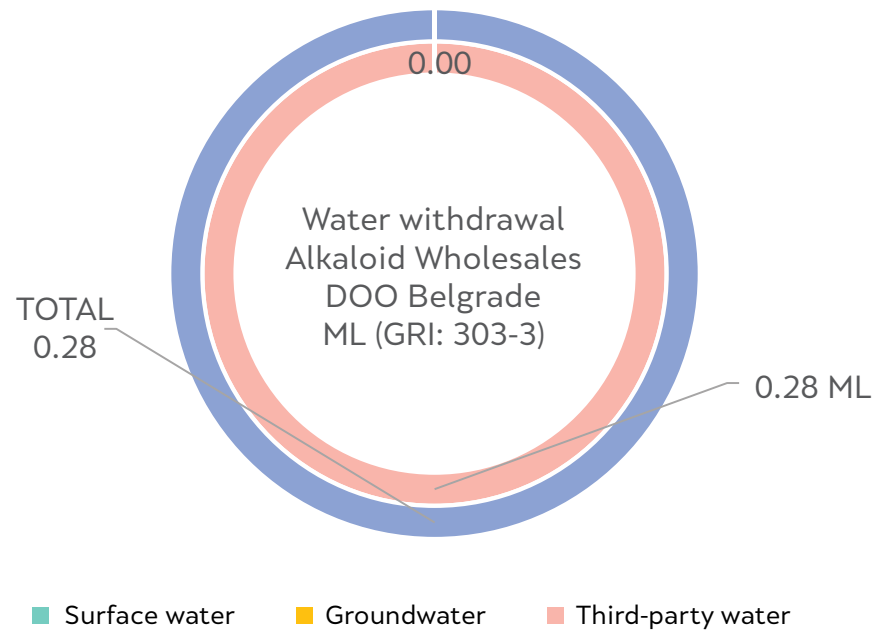
Measurement indicators in accordance with the GRI standards for water and effluents





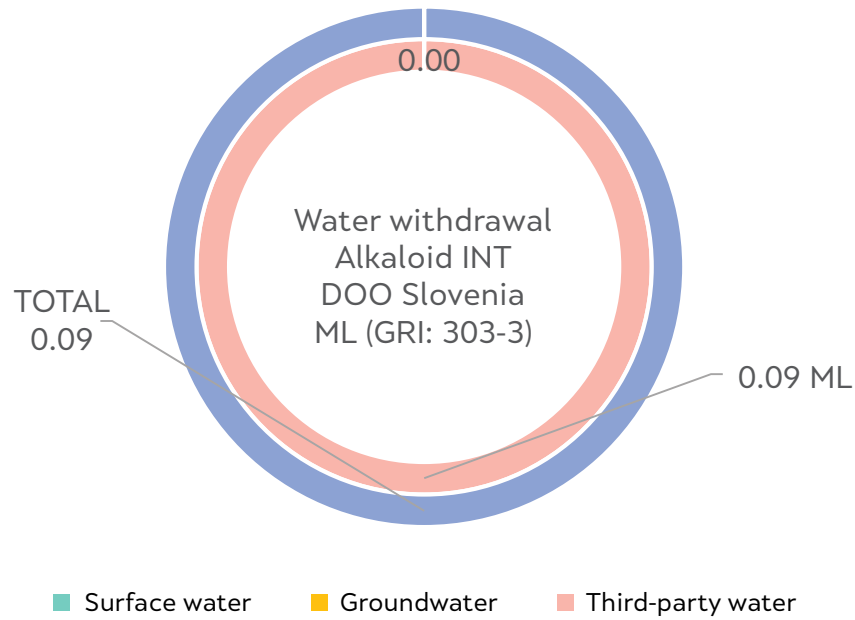
## ALKALOID WHOLESALES DOO Beograd

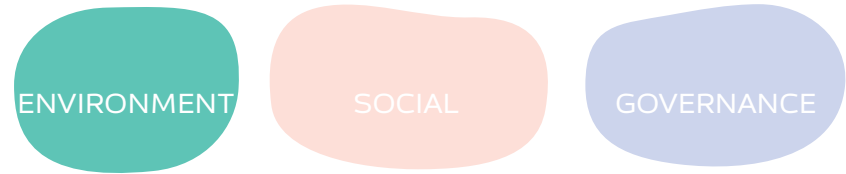
Measurement indicators in accordance with the GRI standards for water and effluents



## ALKALOID INT DOO Slovenia

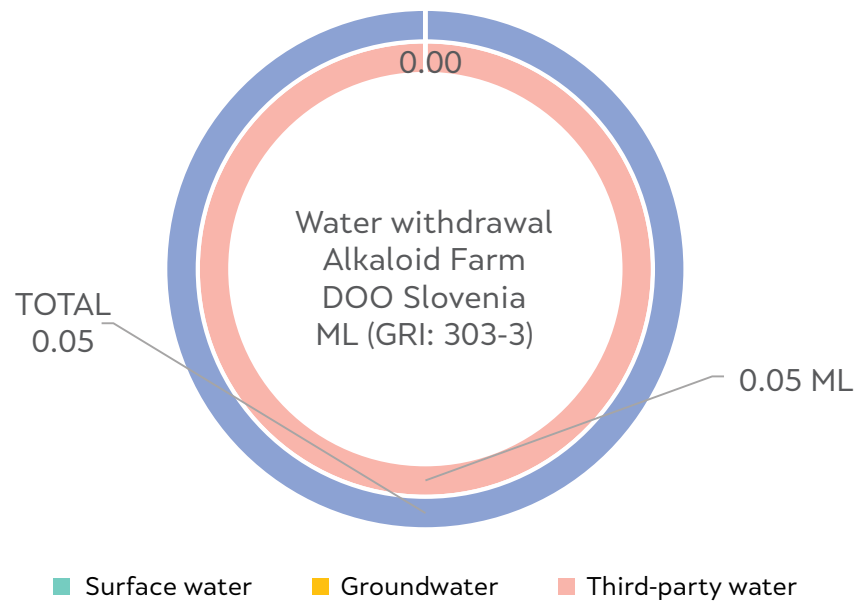
Measurement indicators in accordance with the GRI standards for water and effluents





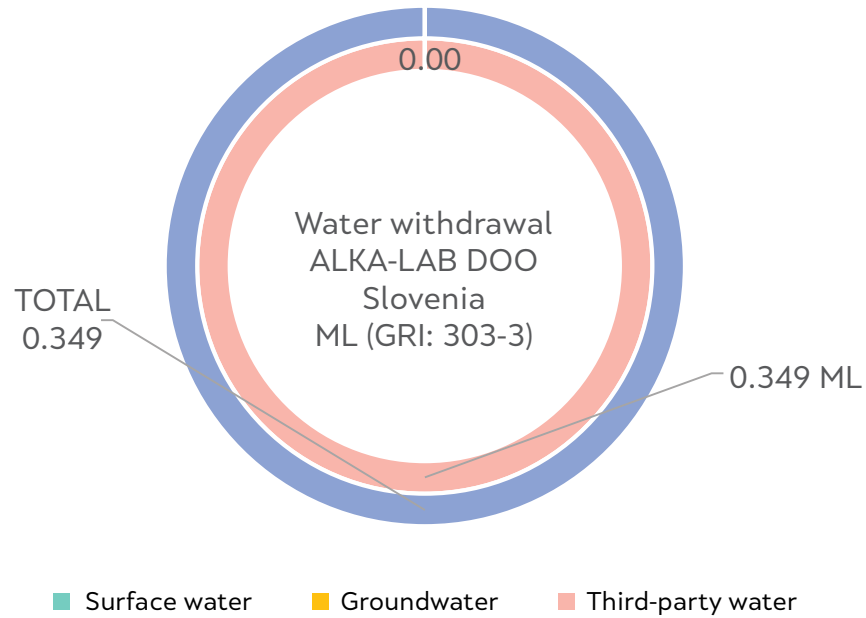
## ALKALOID FARM DOO Slovenia

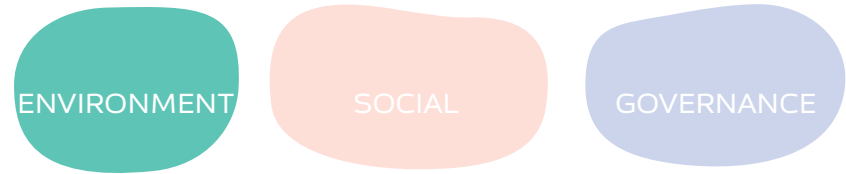
Measurement indicators in accordance with the GRI standards for water and effluents



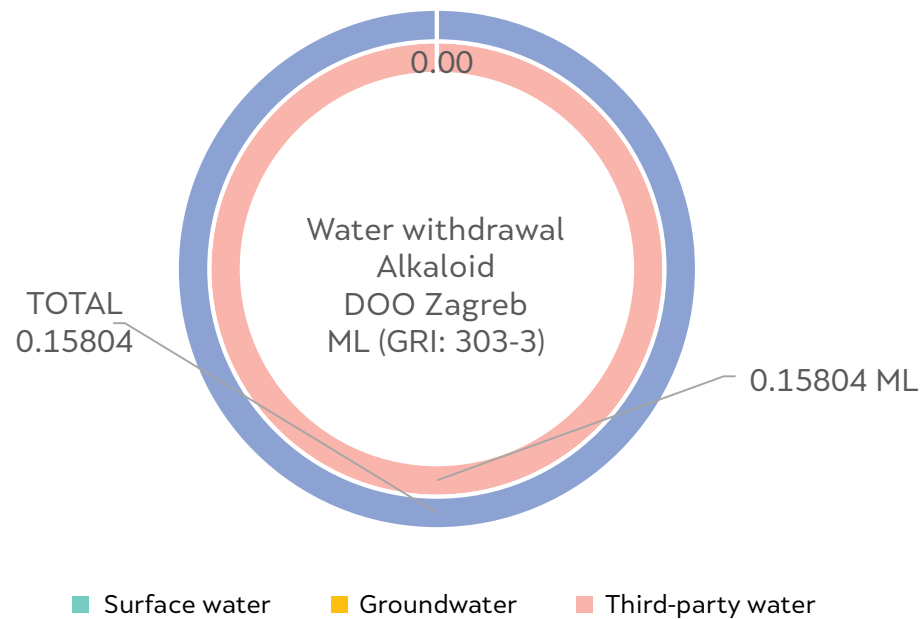
## ALKA-LAB DOO Slovenia

Measurement indicators in accordance with the GRI standards for water and effluents





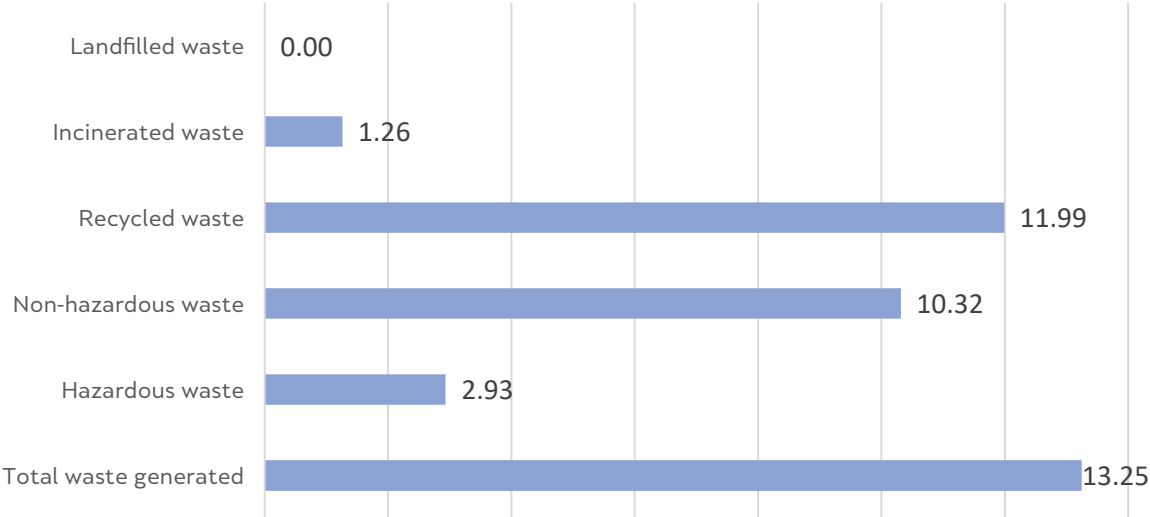
**ALKALOID DOO Croatia**  
 Measurement indicators in accordance with  
 the GRI standards for water and effluents

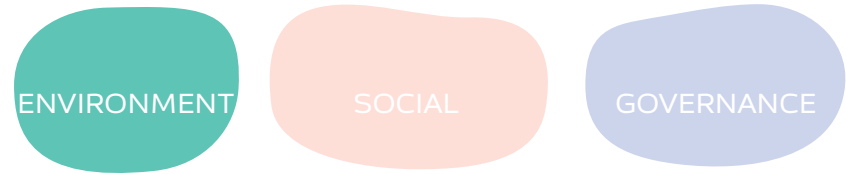


# ALKALOID KONS

Measurement indicators in accordance with the GRI standards for waste

## Total waste generated (t) 2023

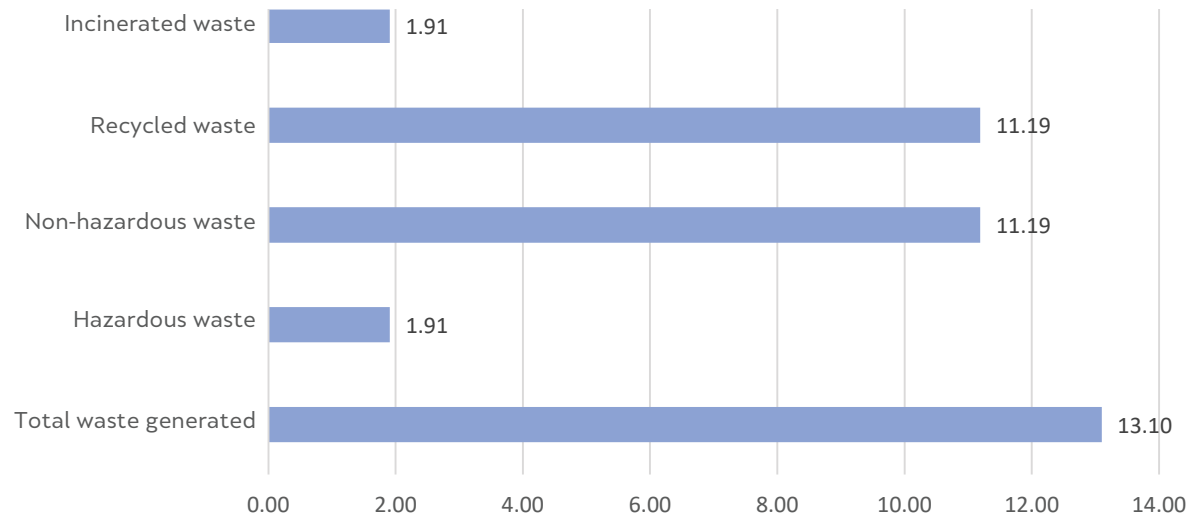




## ALKALOID DOO Belgrade

Measurement indicators in accordance with the GRI standards for waste

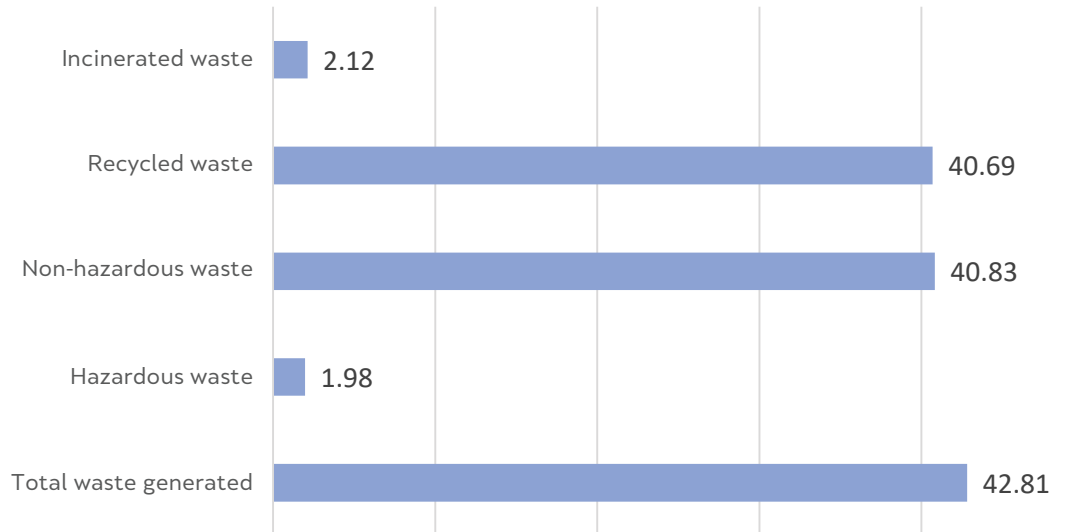
### Total waste generated (t) 2023

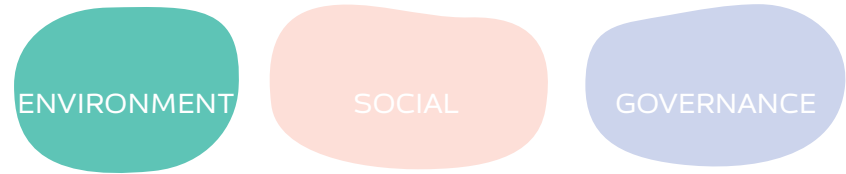


## ALKALOID WHOLESALLES DOO Belgrade

Measurement indicators in accordance  
with the GRI standards for waste

### Total waste generated (t) 2023

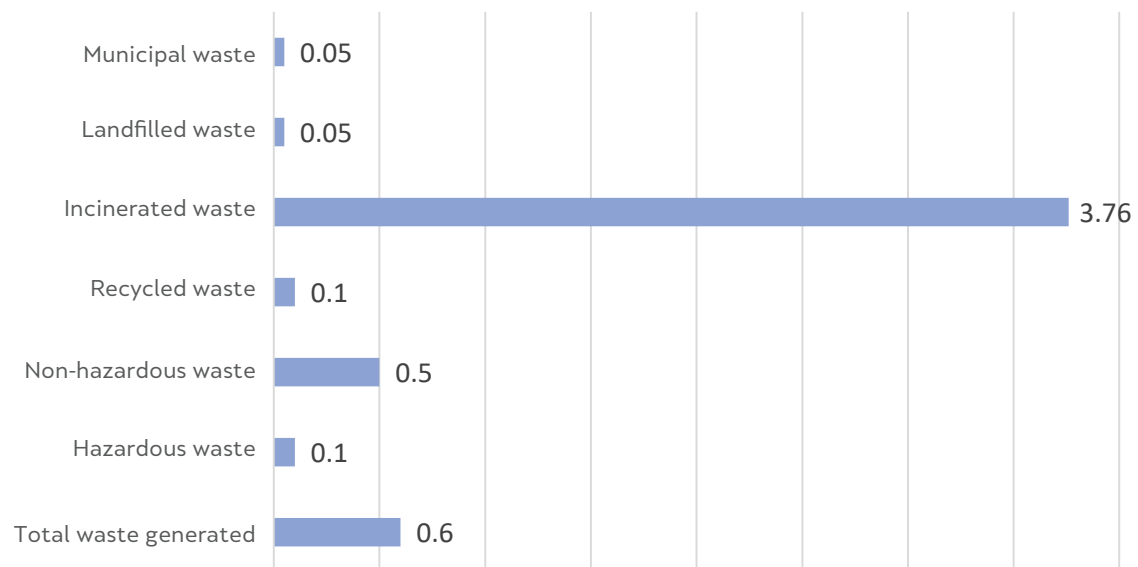




## ALKALOID INT DOO Slovenia

Measurement indicators in accordance with the GRI standards for waste

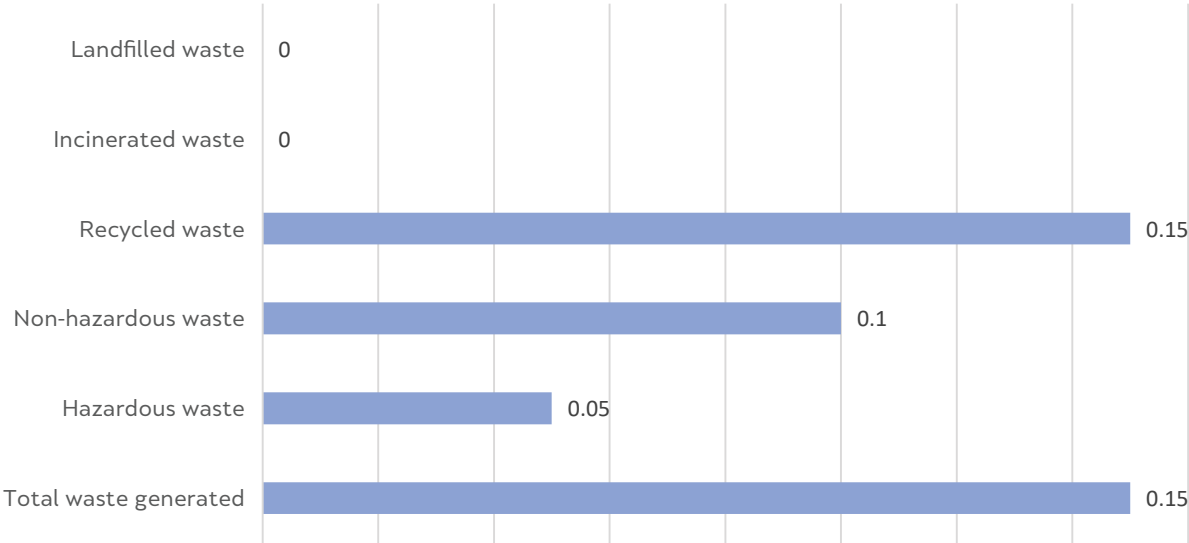
### Total waste generated (t) 2023

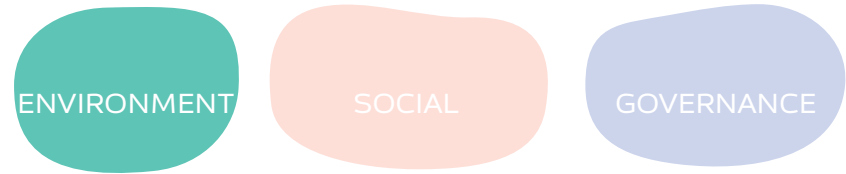


# ALKALOID FARM DOO Slovenia

Measurement indicators in accordance with the GRI standards for waste

## Total waste generated (t) 2023

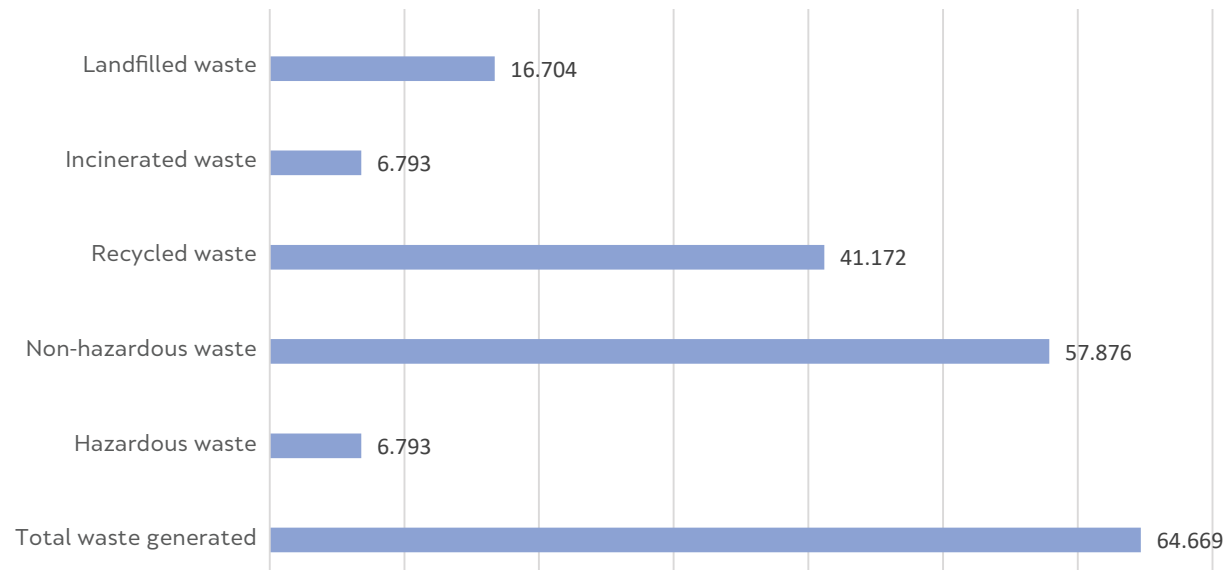




## ALKA-LAB DOO Slovenia

Measurement indicators in accordance with the GRI standards for waste

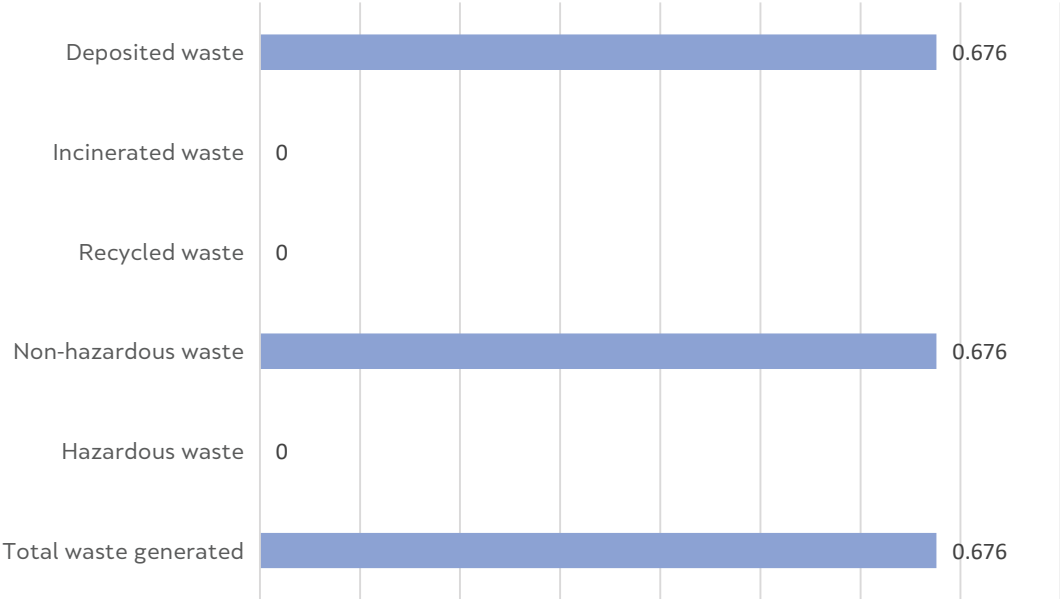
### Total waste generated (t) 2023 a

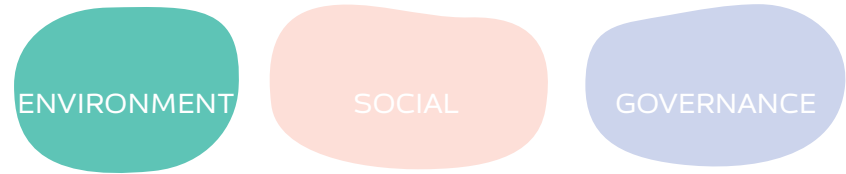


# ALKALOID LGL DOO Zagreb

Measurement indicators in accordance with the GRI standards for waste

## Total waste generated (t) 2023





## Energy

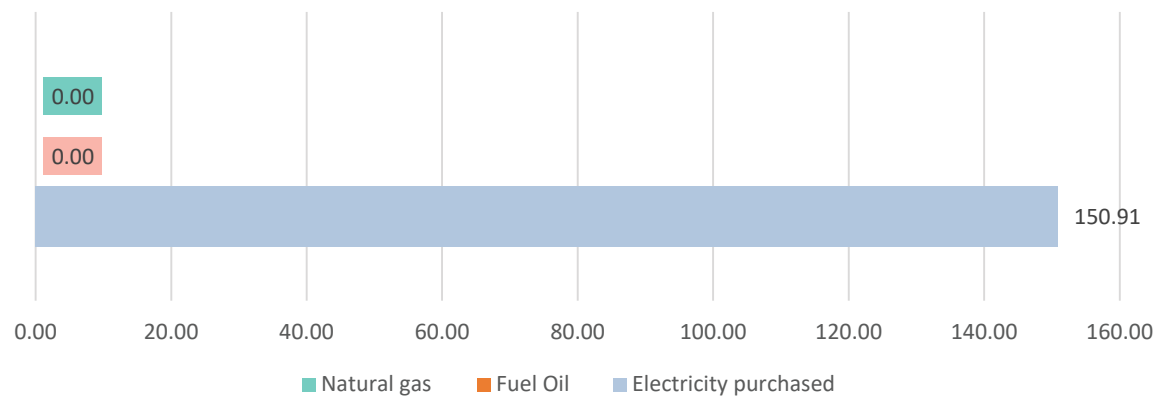
(The notification is made on the basis of GRI 302)

The principles of the **GRI 302 energy** standard are established for the calculation and monitoring of information and data relating to the way in which the company manages the impacts related to the use of energy.

- GRI 302-1 – energy consumption within the company
- GRI 302-3 – energy intensity
- GRI 302-4 – reduction of energy consumption

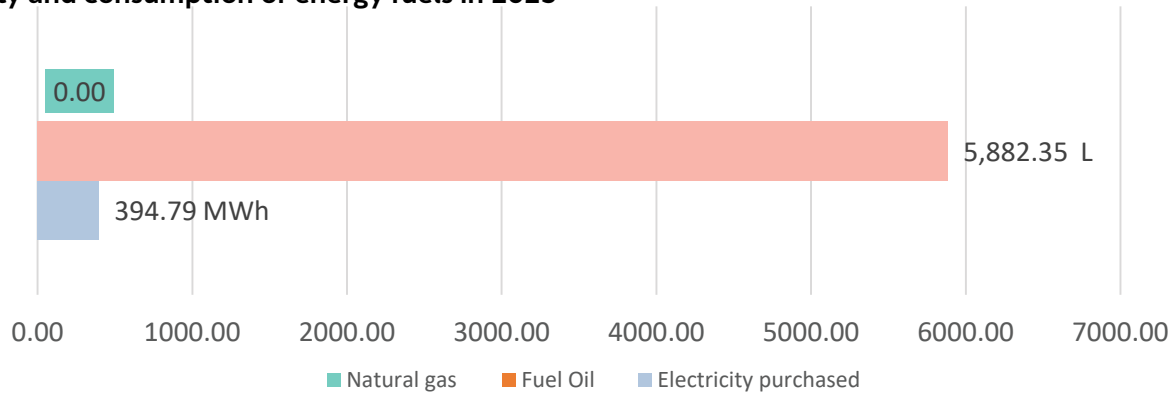
## ALKALOID KONS

Amount of electricity and consumption of energy fuels in 2023



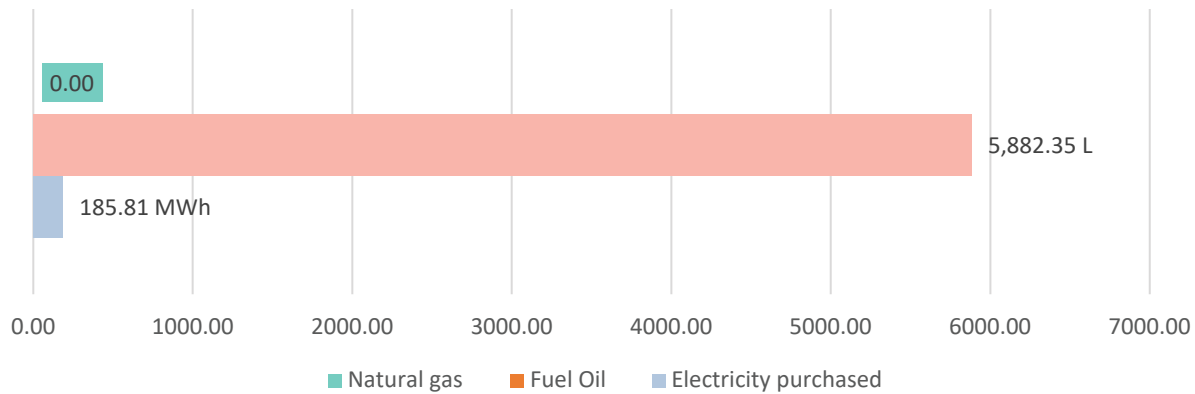
## ALKALOID DOO Belgrade

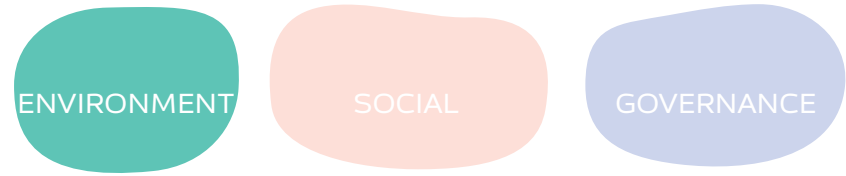
Amount of electricity and consumption of energy fuels in 2023



## ALKALOID WHOLESALAS DOO Belgrade

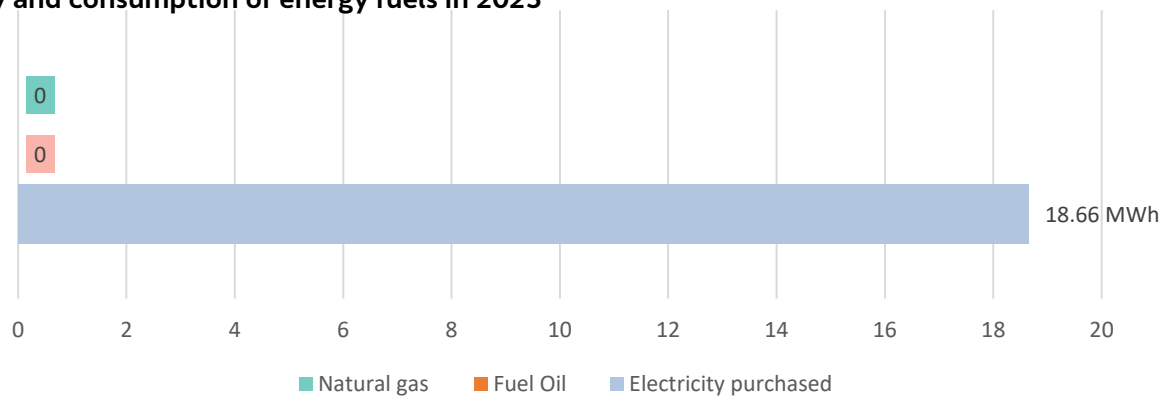
Amount of electricity and consumption of energy fuels in 2023





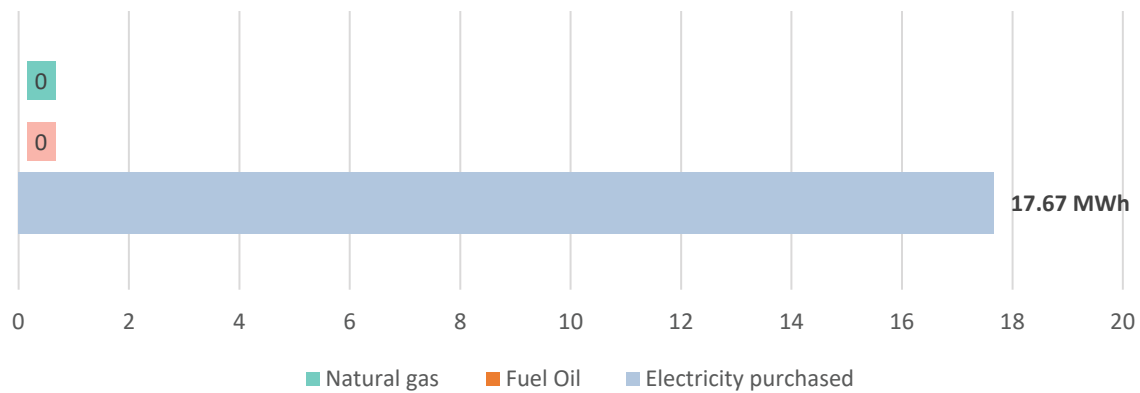
## ALKALOID INT DOO Slovenia

Amount of electricity and consumption of energy fuels in 2023



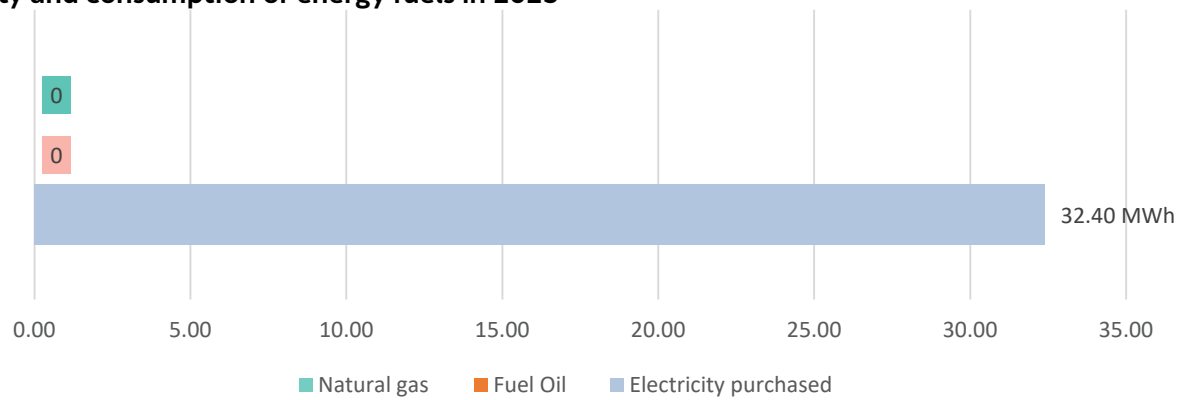
## ALKALOID FARM DOO Slovenia

Amount of electricity and consumption of energy fuels in 2023



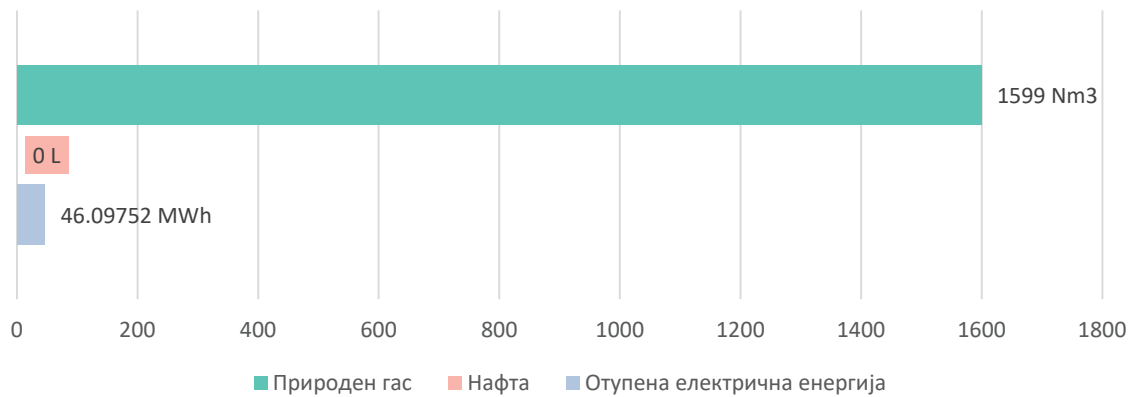
## ALKA-LAB DOO Slovenia

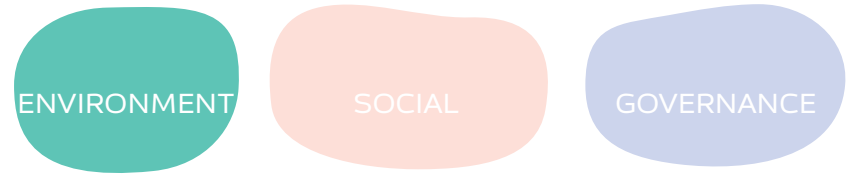
Amount of electricity and consumption of energy fuels in 2023



## ALKALOID DOO Croatia

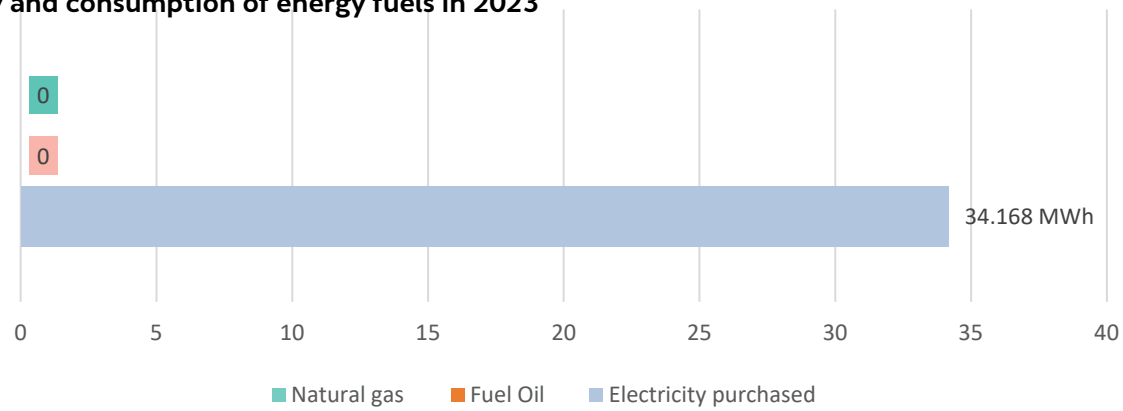
Amount of electricity and consumption of energy fuels in 2023





## ALKALOID LGL DOO Zagreb

Amount of electricity and consumption of energy fuels in 2023



## Social

We present the ESG measurement indicators from the from the Human Resources segment for Subsidiaries and Representative Offices, where applicable.

### ALKALOID KONS

Measurement Indicators According to GRI Standard:

- GRI 401 – Employment
- GRI 405 – Diversity of management bodies and employees
- GRI 404 – Training and education

| GRI 401- Employment                       |                        |         |          |         |          |                  |                 |
|---|------------------------|---------|----------|---------|----------|------------------|-----------------|
| Employees in subsidiary                   | New hires by category  |         |          |         |          | Total new hires  | % of new hires  |
|   | Men                    | Women   | Under 30 | 30-50   | Above 50 |                  |                 |
| 39  | /                      | 2       | /        | 2       | /        | 2                | 5.13%           |
| % of new hires                            |                        | 100.00% |          | 100.00% |          |                  |                 |
| Average number of employees in subsidiary | Departures by category |         |          |         |          | Total departures | Turnover rate % |
|   | Men                    | Women   | Under 30 | 30-50   | Above 50 |                  |                 |
| 40.5                                      | 2                      | 2       | /        | 4       | /        | 4                | 9.88            |
| % of departures                           | 50.00%                 | 50.00%  |          | 100.00% |          |                  |                 |





| GRI 405-1 -Diversity and Equal Opportunities |                       |        |          |        |          |
|--|-----------------------|--------|----------|--------|----------|
| Employees in subsidiary                      | Employees by category |        |          |        |          |
|  | Men                   | Women  | Under 30 | 30-50  | Above 50 |
| 39   | 15                    | 24     | 2        | 33     | 4        |
| %  | 38,46%                | 61,54% | 5%       | 84,62% | 10,26%   |

| GRI 404 - Training and education   |                       |                              |                                   |
|--|-----------------------|------------------------------|-----------------------------------|
| 404-1 -Average training hours per employee per year                          | Employees by category | Total training hours         | Average training hours            |
| Total employees  | 39                    | 2246,75                      | 57,61                             |
| Total employees - women  | 24                    |                              | 66,90                             |
| Total employees - men  | 15                    |                              | 42,75                             |
| Total employees - under 30   | 2                     |                              | 5,25                              |
| Total employees (30-50)  | 33                    |                              | 58,58                             |
| Total employees over 50  | 4                     |                              | 75,81                             |
| 404-3 - % of employees receiving career development and performance feedback | Employees by category | Employees receiving feedback | % of employees receiving feedback |
| Total employees  | 39                    | 36                           | 92,31%                            |
| Total employees - women  | 24                    |                              | 100,00%                           |
| Total employees - men  | 12                    |                              | 80,00%                            |
| Total employees - under 30   | 1                     |                              | 50,00%                            |
| Total employees (30-50)  | 32                    |                              | 96,97%                            |
| Total employees over 50  | 3                     |                              | 75,00%                            |

## ALKALOID DOO Belgrade

Measurement Indicators According to GRI Standard:

- GRI 401 – Employment
- GRI 405 – Diversity and Equal Opportunity
- GRI 404 – Training and education

| GRI 401- Employment                       |                        |        |          |        |         |                  |                 |
|---|------------------------|--------|----------|--------|---------|------------------|-----------------|
| Employees in subsidiary                   | New hires by category  |        |          |        |         | Total new hires  | % of new hires  |
|   | Men                    | Women  | Under 30 | 30-50  | Over 50 |                  |                 |
| 49  | 3                      | 7      | 4        | 5      | 1       | 10               | 20,41%          |
| % of new hires                            | 6,12%                  | 14,29% | 8,16%    | 10,20% | 2,04%   |                  |                 |
| Average number of employees in subsidiary | Departures by category |        |          |        |         | Total departures | Turnover rate % |
|   | Men                    | Women  | Under 30 | 30-50  | Over 50 |                  |                 |
| 47  | 3                      | 3      | 2        | 2      | 2       | 6                | 12,77%          |
| % of departures                           | 50,00%                 | 50,00% | 33,33%   | 33,33% | 33,33%  |                  |                 |

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| GRI 405-1 -Diversity and Equal Opportunities |                       |        |          |        |         |
|--|-----------------------|--------|----------|--------|---------|
| Employees in subsidiary                      | Employees by category |        |          |        |         |
|  | Men                   | Women  | Under 30 | 30-50  | Over 50 |
| 49   | 11                    | 38     | 4        | 32     | 13      |
| %  | 22,45%                | 77,55% | 8,16%    | 65,31% | 26,53%  |

| GRI 404 - Training and education   |                       |                      |                              |
|--|-----------------------|----------------------|------------------------------|
| 404-1 -Average training hours per employee per year                          | Employees by category | Total training hours | Average training hours       |
| Total employees  | 49                    | 600,75               | 12,26                        |
| Total employees - women  | 38                    |                      | 13,3                         |
| Total employees - men  | 11                    |                      | 8,61                         |
| Total employees - under 30   | 4                     |                      | 4,625                        |
| Total employees (30-50)  | 32                    |                      | 12,92                        |
| Total employees over 50  | 13                    |                      | 12,98                        |
| 404-3 - % of employees receiving career development and performance feedback | Employees by category |                      | Employees receiving feedback |
| Total employees  | 49                    | 49                   | 100                          |
| Total employees - women  | 38                    |                      | 100                          |
| Total employees - men  | 11                    |                      | 100                          |
| Total employees - under 30   | 4                     |                      | 100                          |
| Total employees (30-50)  | 32                    |                      | 100                          |
| Total employees over 50  | 13                    |                      | 100                          |

## ALKALOID WHOLESALLES DOO Belgrade

Measurement Indicators According to GRI Standard:

- GRI 401 – Employment
- GRI 405 – Diversity of management bodies and employees
- GRI 404 – Training and education

| GRI 401- Employment                       |                        |        |          |        |         |                  |                 |
|---|------------------------|--------|----------|--------|---------|------------------|-----------------|
| Employees in subsidiary                   | New hires by category  |        |          |        |         | Total new hires  | % of new hires  |
|   | Men                    | Women  | Under 30 | 30-50  | Over 50 |                  |                 |
| 105                                       | 5                      | 12     | 10       | 7      | 0       | 17               | 16,19%          |
| % of new hires                            | 4,76%                  | 11,43% | 9,52%    | 6,67%  | 0,00%   |                  |                 |
| Average number of employees in subsidiary | Departures by category |        |          |        |         | Total departures | Turnover rate % |
|   | Men                    | Women  | Under 30 | 30-50  | Over 50 |                  |                 |
| 100                                       | 6                      | 3      | 2        | 7      | 0       | 9                | 9,00%           |
| % of departures                           | 66,67%                 | 33,33% | 22,22%   | 77,78% | 0,00%   |                  |                 |

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| GRI 405-1 -Diversity and Equal Opportunities |                       |        |          |        |         |
|--|-----------------------|--------|----------|--------|---------|
| Employees in subsidiary                      | Employees by category |        |          |        |         |
|  | Men                   | Women  | Under 30 | 30-50  | Over 50 |
| 105  | 39                    | 66     | 19       | 73     | 13      |
| %  | 37,14%                | 62,86% | 18%      | 69,52% | 12,38%  |

| GRI 404 - Training and education   |                       |                              |                                   |
|--|-----------------------|------------------------------|-----------------------------------|
| 404-1 -Average training hours per employee per year                          | Employees by category | Total training hours         | Average training hours            |
| Total employees  | 105                   | 451.25                       | 4.30                              |
| Total employees - women  | 66                    |                              | 3.28                              |
| Total employees - men  | 39                    |                              | 6.01                              |
| Total employees - under 30   | 19                    |                              | 2.74                              |
| Total employees (30-50)  | 73                    |                              | 5.22                              |
| Total employees over 50  | 13                    |                              | 12.98                             |
| 404-3 - % of employees receiving career development and performance feedback | Employees by category | Employees receiving feedback | % of employees receiving feedback |
| Total employees  | 105                   | 105                          | 100.00%                           |
| Total employees - women  | 66                    |                              | 100.00%                           |
| Total employees - men  | 39                    |                              | 100.00%                           |
| Total employees - under 30   | 19                    |                              | 100.00%                           |
| Total employees (30-50)  | 73                    |                              | 100.00%                           |
| Total employees over 50  | 13                    |                              | 100.00%                           |

## ALKALOID INT DOO Slovenia

Measurement Indicators According to GRI Standard:

- GRI 401 – Employment
- GRI 405 – Diversity of management bodies and employees
- GRI 404 – Training and education

| GRI 401- Employment                       |                        |         |          |         |         |                  |                 |
|---|------------------------|---------|----------|---------|---------|------------------|-----------------|
| Employees in subsidiary                   | New hires by category  |         |          |         |         | Total new hires  | % of new hires  |
|   | Men                    | Women   | Under 30 | 30-50   | Over 50 |                  |                 |
| 22  | 1                      | 4       | 3        | 2       | 0       | 5                | 22.73%          |
| % of new hires                            | 20.00%                 | 80.00%  | 60.00%   | 40.00%  | 0.00%   |                  |                 |
| Average number of employees in subsidiary | Departures by category |         |          |         |         | Total departures | Turnover rate % |
|   | Men                    | Women   | Under 30 | 30-50   | Over 50 |                  |                 |
| 21.33                                     | 0                      | 1       | 0        | 1       | 0       | 1                | 9,76%           |
| % of departures                           | 0.00%                  | 100.00% | 0.00%    | 100.00% | 0.00%   |                  |                 |

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| GRI 405-1 -Diversity and Equal Opportunities |                       |        |          |        |         |
|--|-----------------------|--------|----------|--------|---------|
| Employees in subsidiary                      | Employees by category |        |          |        |         |
|  | Men                   | Women  | Under 30 | 30-50  | Over 50 |
| 22   | 4                     | 18     | 3        | 16     | 3       |
| %  | 18,18%                | 81,82% | 14%      | 72,73% | 13,64%  |

| GRI 404 - Training and education   |                       |                      |                              |
|--|-----------------------|----------------------|------------------------------|
| 404-1 -Average training hours per employee per year                          | Employees by category | Total training hours | Average training hours       |
| Total employees  | 22                    | 429.75               | 429.75                       |
| Total employees - women  | 18                    |                      | 375.25                       |
| Total employees - men  | 4                     |                      | 54.50                        |
| Total employees - under 30   | 3                     |                      | 86.50                        |
| Total employees (30-50)  | 16                    |                      | 335.75                       |
| Total employees over 50  | 3                     |                      | 7.50                         |
| 404-3 - % of employees receiving career development and performance feedback | Employees by category |                      | Employees receiving feedback |
| Total employees  | 22                    | 22                   | 100.00%                      |
| Total employees - women  | 18                    |                      | 100.00%                      |
| Total employees - men  | 4                     |                      | 100.00%                      |
| Total employees - under 30   | 3                     |                      | 100.00%                      |
| Total employees (30-50)  | 16                    |                      | 100.00%                      |
| Total employees over 50  | 3                     |                      | 100.00%                      |

## ALKALOID FARM DOO Slovenia

Measurement Indicators According to GRI Standard:

- GRI 401 – Employment
- GRI 405 – Diversity of management bodies and employees
- GRI 404 – Training and education

| GRI 401- Employment                       |                        |        |          |         |         |                  |                 |
|---|------------------------|--------|----------|---------|---------|------------------|-----------------|
| Employees in subsidiary                   | New hires by category  |        |          |         |         | Total new hires  | % of new hires  |
|   | Men                    | Women  | Under 30 | 30-50   | Over 50 |                  |                 |
| 16  | 0                      | 2      | 0        | 2       | 0       | 2                | 12.50%          |
| % of new hires                            | 0.00%                  | 12.50% | 0.00%    | 12.50%  | 0.00%   |                  |                 |
| Average number of employees in subsidiary | Departures by category |        |          |         |         | Total departures | Turnover rate % |
|   | Men                    | Women  | Under 30 | 30-50   | Over 50 |                  |                 |
| 16.33                                     | 1                      | 1      | 0        | 2       | 0       | 2                | 3%              |
| % of departures                           | 50.00%                 | 50.00% | 0.00%    | 100.00% | 0.00%   |                  |                 |

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| GRI 405-1 -Diversity and Equal Opportunities |                       |        |          |        |         |
|--|-----------------------|--------|----------|--------|---------|
| Employees in subsidiary                      | Employees by category |        |          |        |         |
|  | Men                   | Women  | Under 30 | 30-50  | Over 50 |
| 16   | 1                     | 15     | 0        | 12     | 4       |
| %  | 6,25%                 | 93,75% | 0        | 75,00% | 25,00%  |

| GRI 404 - Training and education   |                       |                      |                              |
|--|-----------------------|----------------------|------------------------------|
| 404-1 -Average training hours per employee per year                          | Employees by category | Total training hours | Average training hours       |
| Total employees  | 16                    | 741.00               | 741.00                       |
| Total employees - women  | 15                    |                      | 701.50                       |
| Total employees - men  | 1                     |                      | 39.50                        |
| Total employees - under 30   | 0                     |                      | 0.00                         |
| Total employees (30-50)  | 12                    |                      | 557.00                       |
| Total employees over 50  | 4                     |                      | 184.00                       |
| 404-3 - % of employees receiving career development and performance feedback | Employees by category |                      | Employees receiving feedback |
| Total employees  | 16                    | 16                   | 100.00%                      |
| Total employees - women  | 15                    |                      | 93.40%                       |
| Total employees - men  | 1                     |                      | 6.30%                        |
| Total employees - under 30   | 0                     |                      | 0.00%                        |
| Total employees (30-50)  | 12                    |                      | 75.00%                       |
| Total employees over 50  | 4                     |                      | 25.00%                       |

## ALKA-LAB DOO Slovenia

Measurement Indicators According to GRI Standard:

- GRI 401 – Employment
- GRI 405 – Diversity of management bodies and employees
- GRI 404 – Training and education

| GRI 401- Employment                       |                        |        |          |         |         |                  |                 |
|---|------------------------|--------|----------|---------|---------|------------------|-----------------|
| Employees in subsidiary                   | New hires by category  |        |          |         |         | Total new hires  | % of new hires  |
|   | Men                    | Women  | Under 30 | 30-50   | Over 50 |                  |                 |
| 12  | 0                      | 3      | 2        | 1       | 0       | 3                | 25.00%          |
| % of new hires                            | 0.00%                  | 25.00% | 16.67%   | 8.33%   | 0.00%   |                  |                 |
| Average number of employees in subsidiary | Departures by category |        |          |         |         | Total departures | Turnover rate % |
|   | Men                    | Women  | Under 30 | 30-50   | Over 50 |                  |                 |
| 11.33333333                               | 1                      | 0      | 0        | 1       | 0       | 1                | 9.09            |
| % of departures                           | 100.00%                | 0.00%  | 0.00%    | 100.00% | 0.00%   |                  |                 |

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| GRI 405-1 -Diversity and Equal Opportunities |                       |        |          |        |         |
|--|-----------------------|--------|----------|--------|---------|
| Employees in subsidiary                      | Employees by category |        |          |        |         |
|  | Men                   | Women  | Under 30 | 30-50  | Over 50 |
| 12   | 3                     | 9      | 4        | 7      | 1       |
| %  | 25,00%                | 75,00% | 33%      | 58,33% | 8,33%   |

| GRI 404 - Training and education   |                       |                      |                              |
|--|-----------------------|----------------------|------------------------------|
| 404-1 -Average training hours per employee per year                          | Employees by category | Total training hours | Average training hours       |
| Total employees  | 12                    | 1777,00              | 148,08                       |
| Total employees - women  | 9                     |                      | 165,33                       |
| Total employees - men  | 3                     |                      | 74,33                        |
| Total employees - under 30   | 4                     |                      | 185,50                       |
| Total employees (30-50)  | 7                     |                      | 132,71                       |
| Total employees over 50  | 1                     |                      | 40,00                        |
| 404-3 - % of employees receiving career development and performance feedback | Employees by category |                      | Employees receiving feedback |
| Total employees  | 12                    | 12                   | 100,00%                      |
| Total employees - women  | 9                     |                      | 75,00%                       |
| Total employees - men  | 3                     |                      | 25,00%                       |
| Total employees - under 30   | 4                     |                      | 33,33%                       |
| Total employees (30-50)  | 7                     |                      | 58,33%                       |
| Total employees over 50  | 1                     |                      | 8,33%                        |

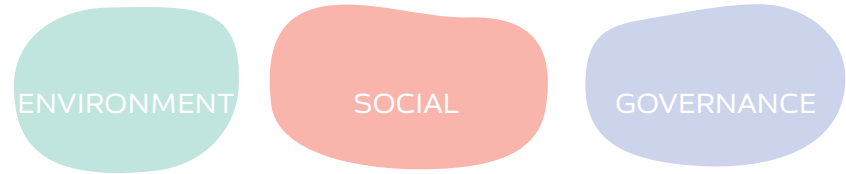
## ALKALOID DOO Croatia

Measurement Indicators According to GRI Standard:

- GRI 401 – Employment
- GRI 405 – Diversity of management bodies and employees

| GRI 401- Employment                       |                        |       |          |       |         |                  |                 |
|---|------------------------|-------|----------|-------|---------|------------------|-----------------|
| Employees in subsidiary                   | New hires by category  |       |          |       |         | Total new hires  | % of new hires  |
|   | Men                    | Women | Under 30 | 30-50 | Over 50 |                  |                 |
| 48  | 0                      | 2     | 0        | 2     | 0       | 2                | 4.20%           |
| % of new hires                            | 0.00%                  | 4.20% | 0.00%    | 4.20% | 0.00%   |                  |                 |
| Average number of employees in subsidiary | Departures by category |       |          |       |         | Total departures | Turnover rate % |
|   | Men                    | Women | Under 30 | 30-50 | Over 50 |                  |                 |
| 48.25                                     | 2                      | 2     | 0        | 4     | 0       | 4                | 8.30            |
| % of departures                           | 4.10%                  | 4.10% | 0.00%    | 8.30% | 0.00%   |                  |                 |

| GRI 405-1 -Diversity and Equal Opportunities |                       |        |          |        |         |        |
|--|-----------------------|--------|----------|--------|---------|--------|
| Employees in subsidiary                      | Employees by category |        |          |        |         | Total  |
|  | Men                   | Women  | Under 30 | 30-50  | Over 50 |        |
| 48   | 23                    | 25     | 0        | 37     | 11      | 77,10% |
| %  | 47,90%                | 52,10% | 0        | 77,10% | 22,90%  |        |



## Other subsidiaries\*

Measurement Indicators According to GRI Standard:

- GRI 401 – Employment
- GRI 405 – Diversity of management bodies and employees

| Other subsidiaries *                        |                                   |       |                       |       |   |       |                  |
|---|-----------------------------------|-------|-----------------------|-------|---|-------|------------------|
| Total Number of employees in the subsidiary | Employees in subsidiary by gender |       | Newly hired employees |       | Number of employees who departed at their request |       | Total turnover % |
|   | Men                               | Women | Men                   | Women | Men   | Women |                  |
| 267   | 70                                | 197   | 15                    | 59    | 8   | 33    | 15,36%           |

\* Bulgaria, Montenegro, Albania, Kosovo, Bosnia and Herzegovina, Russia, Romania, Ukraine

## Occupational Safety and Health Management System (Reporting is based on GRI 403)

Below are the Occupational Health and Safety ESG-measurement indicators for all subsidiaries

|  |      |
|--|------|
| Indicators for identification of occupational hazards and risks                          | 2023 |
| Total updated risk assessments   | 29   |
| Higher risk jobs   | 25   |
| Data on preventive health checks   | 2023 |
| Total preventive health checks of employees  | 189  |
| Occupational health and safety trainings   | 2023 |
| Number of conducted trainings for employees required by law                              | 296  |
| Number of conducted first aid trainings for employees                                    | 50   |
| Number of completed fire and explosion protection and evacuation trainings for employees | 403  |
| Work-related injuries of company employees   | 2023 |
| Number and rate of deaths  | 0    |
| Number of severe injuries  | 0    |
| Rate of severe injuries  | 0    |
| Number of registered injuries  | 0    |
| Rate/frequency of registered injuries per 1.000.000                                      | 0    |
| Injury Severity Rate per 100.000   | 0    |
| Number of injuries rate / 1000 employees   | 0    |
| Main causes of work-related injuries   | N/A  |
| Work-related injuries to workers not employed but under company control                  | 2023 |
| Number and rate of deaths  | 0    |
| Number of registered / severe injuries   | 0    |
| Frequency rate of injuries of supplier employees   | 0    |
| Work-related occupational diseases of company employees                                  | 2023 |
| Registered cases of occupational diseases  | 0    |
| Work-related occupational diseases of workers not employed but under company control     | 2023 |
| Registered cases of occupational diseases  | 0    |
| Number and rate of deaths resulting from occupational diseases                           | 0    |

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## Social Responsibility in Subsidiaries and Representative Offices of ALKALOID AD Skopje

Our dedication to socially responsible behaviour across all aspects of society, community, and the environment is evident in the operations of our subsidiary companies and representative offices, where we promote best practices and foster the exchange of experiences and ideas.

We consistently endeavour to enhance awareness of responsible behaviour among all employees throughout our organization, seeking to reinforce this ethos. We undertake various activities and projects within our subsidiaries and representative offices to advance ESG objectives. These initiatives are thoughtfully customized to the unique needs of each community and adapted to local circumstances.

We continuously assist individuals and organizations in need, offering various support and fostering enduring relationships. By providing donations and sponsorships, we underscore the significance of collaboration with organizations, professional associations, and citizen groups.



Given our close collaboration with industry experts in our daily operations, we are committed to sharing our expertise and actively contributing to enhancing community health. We demonstrate this commitment by implementing targeted projects to inform and educate the general public and professionals. Additionally, we organize educational initiatives, conferences, and workshops within our field of expertise. For instance, our conference "My Greatest Years", hosted by our employees in the representative office in Serbia, exemplifies such cooperative efforts to support middle-aged women with professional guidance.

Through our communication efforts, including social media and online campaigns, we disseminate educational content beneficial to our consumers, patients, and society. Our platform, Health without prescription, is a hub for sharing valuable educational resources. On this platform, we extensively cover women's health, the importance of proper supplementation, preventive measures, immunity, and daily challenges.

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We place significant emphasis on fostering relationships and cooperation within our communities. One noteworthy project in this regard is "Open Doors for Neighbours," initiated by our employees in Slovenia. Through this initiative, we invited our neighbours to visit our company, offering them the opportunity to tour our premises and gain firsthand insight into our business operations.

We consider it a great privilege to be able to assist others, and with this privilege comes the responsibility to support those in need. Through humanitarian and charitable actions, our employees demonstrate their commitment to caring for the community, expressing empathy and compassion by donating clothing and food, aiding homeless animals, participating in blood donation drives, and offering assistance during natural disasters, among other endeavours.

We also recognize the importance of sports, culture, and education and actively support and collaborate with stakeholders in these areas. This support manifests through sponsorships of sports clubs, associations, and individuals, such as Ilka Štuhec (Športno društvo i-ski) and the Smučarska zveza Slovenije – Združenje smučarskih panog, as well as the Atletski klub Žumberak in Croatia and the Serbian Judo Federation.

Employees represent one of our company's foremost priorities and values, underscored by our unwavering dedication to enhancing working conditions and healthcare. We achieve this through diverse programs and benefits, including opportunities for sports and recreation, team-building activities, joint picnics for employees and their families, and benefits tailored to employees' children.

Furthermore, to cultivate a culture of ethical and professional conduct among our workforce, we conduct the GDPR Awareness Month project. This initiative aims to heighten awareness about the significance of personal data protection through engaging and educational activities. As part of this project, we offer specialized video training sessions, distribute brochures customized for each department, and host a knowledge quiz to reinforce understanding and compliance with GDPR.

## GOVERNANCE - Subsidiary Companies

In recent years, ALKALOID has successfully extended its best corporate practices to its subsidiary companies in Macedonia, the region, and beyond. This extension involves incorporating key policies and procedures into their systems, while also implementing oversight and monitoring mechanisms to ensure compliance. The process of integrating these practices varies depending on factors such as the size, organizational structure, and local legislation of each subsidiary.

ALKALOID prioritizes certain internal policies, particularly those grounded in principles and standards, as corporate mandates intended for adoption across the entire group. Some of the ALKALOID's organizational units operate as corporate units, whereby they are linked systemically and through processes with the related organizational units or individuals that cover the corresponding processes in the subsidiaries.

Essential policies such as the Code of Ethics and Professional Conduct, the Code of Interaction with Healthcare Professionals and Ethical Promotion, the Anti-Corruption Policy, the Stakeholder Relations Policy, the Conflict of Interest Prevention and Management Policy, and compliance with the EU General Data Protection Regulation (GDPR), among others, are developed and drafted at ALKALOID's headquarters in Skopje, and are then tailored and applied in subsidiaries according to their specific circumstances and in alignment with the aforementioned parameters.

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VII. Other  
information  
about  
the Report

## VII. Other information about the Report

| GRI standard | Description  | Reference  |
|--------------|--|--|
| 201-1        | Direct economic value generated and distributed                  | Economic indicators - page 12-13   |
| 201-3        | Defined benefit plan obligations and other retirement plans      | Economic indicators - page 14  |
| 201-4        | Financial assistance received from government                    | Economic indicators - page 15  |
| 204-1        | Proportion of spending on local suppliers                        | Overview of ALKALOID's most important ESG indicators - page 39   |
| 207-1        | Approach to tax  | Tax - page 127   |
| 207-2        | Tax governance, control, and risk management                     | Tax - page 127   |
| 207-3        | Stakeholder engagement and management of concerns related to tax | Tax - page 127   |
| 302-1        | Energy consumption within the organization                       | Overview of ALKALOID's most important ESG indicators - page 38<br>Environment - page 88-93                           |
| 302-3        | Energy intensity   | Environment - page 95  |
| 302-4        | Reduction of energy consumption                                  | Environment - page 94  |
| 303-3        | Water withdrawal   | Overview of ALKALOID's most important ESG indicators - page 38<br>Environment - page 79                              |
| 305-1        | Direct (Scope 1) GHG emissions                                   | Overview of ALKALOID's most important ESG indicators - page 38<br>Environment - page 76-77                           |
| 305-2        | Energy indirect (Scope 2) GHG emissions                          | Overview of ALKALOID's most important ESG indicators - page 38<br>Environment - page 76-77                           |
| 305-3        | Other indirect (Scope 3) GHG emissions                           | Overview of ALKALOID's most important ESG indicators - page 38<br>Environment - page 76-77                           |
| 306-3        | Waste generated  | Overview of ALKALOID's most important ESG indicators - page 38<br>Environment - page 83-84<br>Annex 2 - page 206-211 |
| 306-4        | Waste diverted from disposal                                     | Overview of ALKALOID's most important ESG indicators - page 38<br>Environment - page 83-84<br>Annex 2 - page 206-211 |
| 306-5        | Waste directed to disposal                                       | Overview of ALKALOID's most important ESG indicators - page 38<br>Environment - page 83-84<br>Annex 2 - page 206-211 |






|        |   |   |
|--------|---|---|
| 401-1  | New employee hires and employee turnover  | Overview of ALKALOID's most important ESG indicators - page 39<br>Annex 3 - page 213    |
| 403-1  | Occupational health and safety management system  | Social - page 108   |
| 403-2  | Hazard identification, risk assessment, and incident investigation  | Overview of ALKALOID's most important ESG indicators - page 39<br>Social - page 108-109 |
| 403-3  | Occupational health services  | Social - page 109   |
| 403-4  | Worker participation, consultation, and communication on occupational health and safety                       | Social - page 110   |
| 403-5  | Worker training on occupational health and safety   | Social - page 110-111   |
| 403-6  | Promotion of worker health  | Social - page 112   |
| 403-7  | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Social - page 112   |
| 403-8  | Workers covered by an occupational health and safety management system  | Social - page 113   |
| 403-9  | Work-related injuries   | Overview of ALKALOID's most important ESG indicators - page 39<br>Social - page 114     |
| 403-10 | Work-related ill health   | Overview of ALKALOID's most important ESG indicators - page 39<br>Social - page 115     |
| 404-1  | Average hours of training per year per employee   | Overview of ALKALOID's most important ESG indicators - page 39<br>Annex 3 - page 160    |
| 404-3  | Percentage of employees receiving regular performance and career development reviews                          | Annex 3 - page 160  |
| 405-1  | Diversity of governance bodies and employees  | Overview of ALKALOID's most important ESG indicators - page 39<br>Annex 3 - page 161    |
| 410-1  | Security practices  | Overview of ALKALOID's most important ESG indicators - page 39<br>Social- page 116      |

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## VIII. Appendices to Report

A person wearing a white lab coat is pointing their right index finger at a circular pressure gauge mounted on a piece of industrial machinery. The gauge has a white face with blue markings and a black needle. The machinery is made of polished metal and has various pipes, valves, and a black spherical knob. The background is a blurred industrial setting with vertical pipes and other equipment. Two overlapping teal circles are positioned in the upper right quadrant of the image, partially overlapping the text area.

## Annex 1: Monitoring of air, water and noise emissions

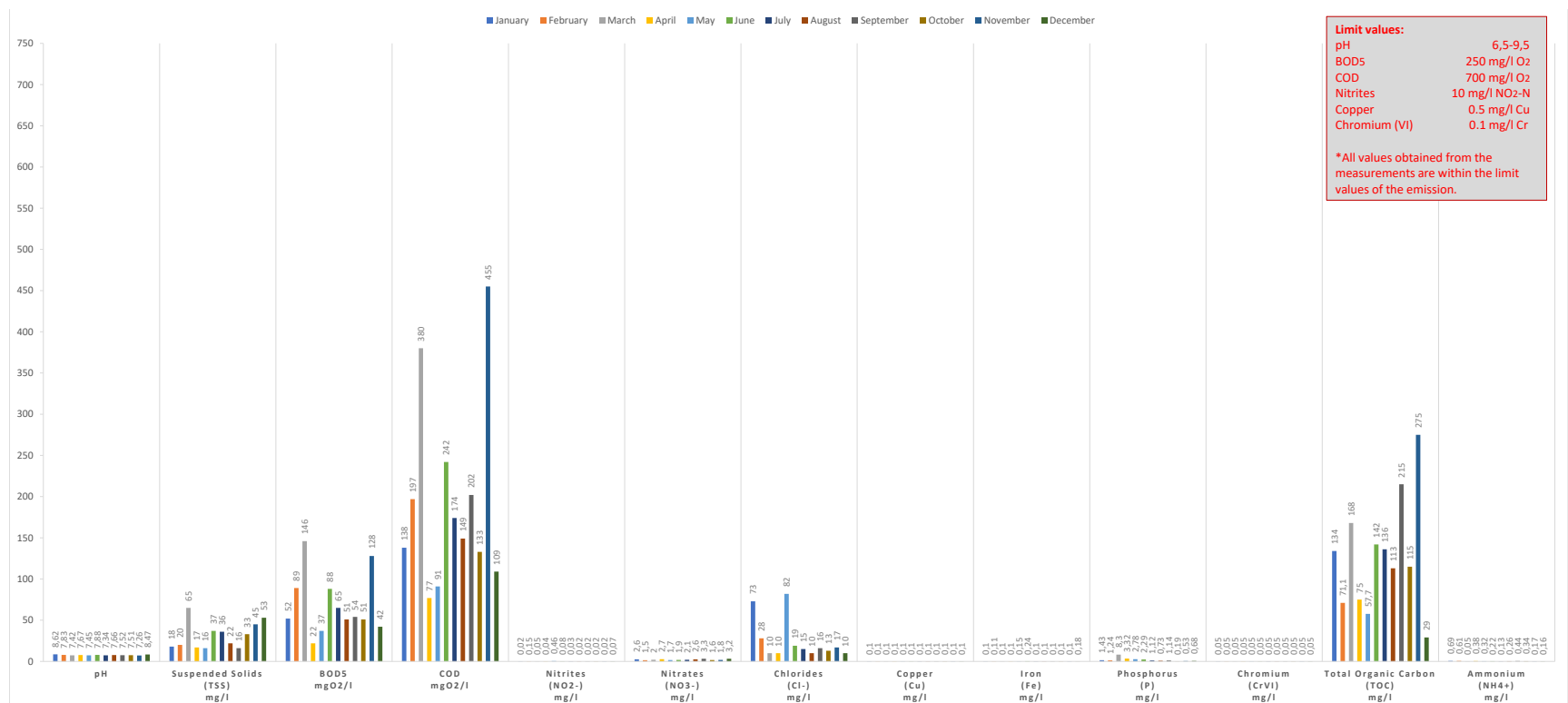
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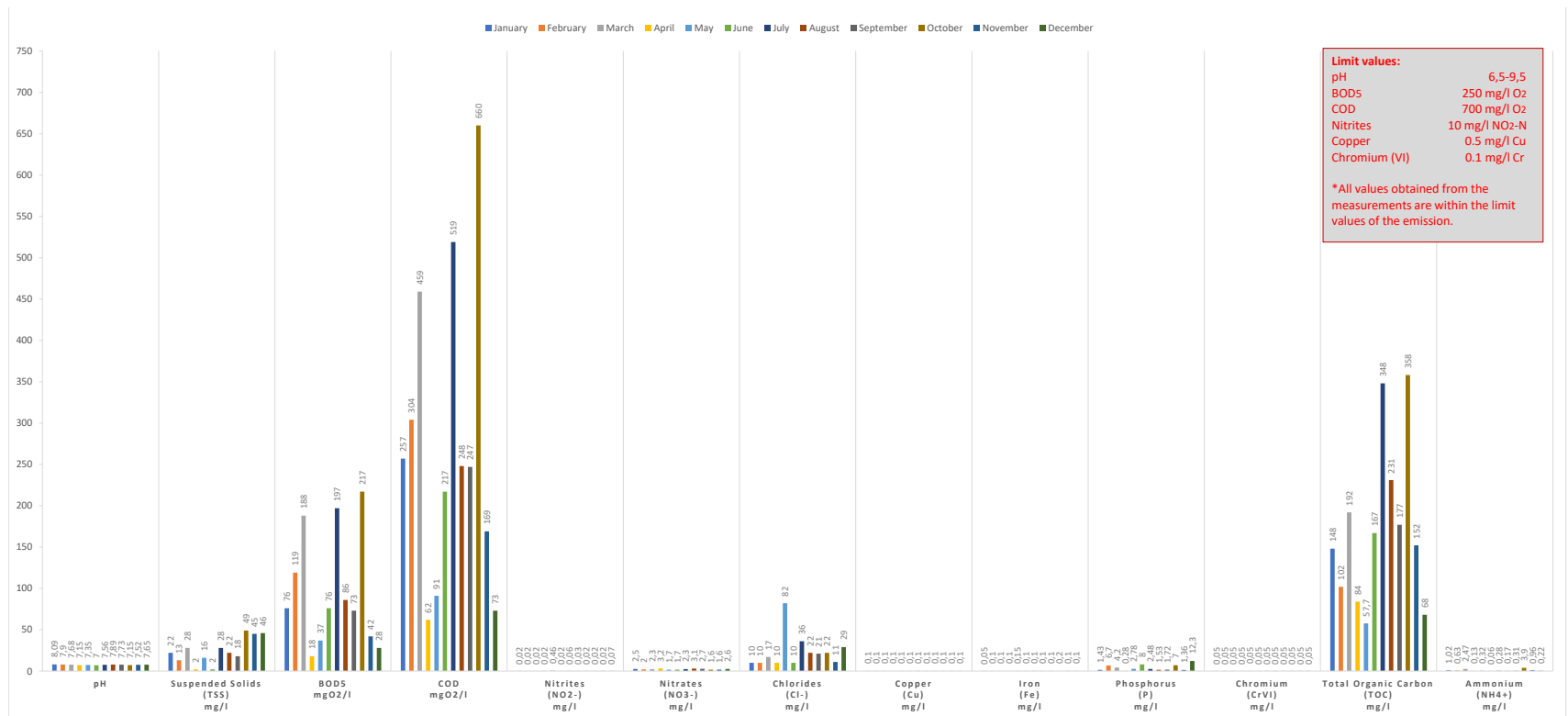
## WATER EMISSION MONITORING FOR ALL PROFIT CENTERS OF ALKALOID AD SKOPJE FOR 2023

### MONTHLY ANALYSES OF WASTE WATER PC PHARMACEUTICALS AVTOKOMANDA, MEASURING POINT C1 - WEST, 2023



WATER EMISSION MONITORING FOR ALL PROFIT CENTERS  
OF ALKALOID AD SKOPJE FOR 2023

MONTHLY ANALYSES OF WASTE WATER PC PHARMACEUTICALS AVTOKOMANDA, MEASURING POINT C2 - SOUTHEAST, 2023



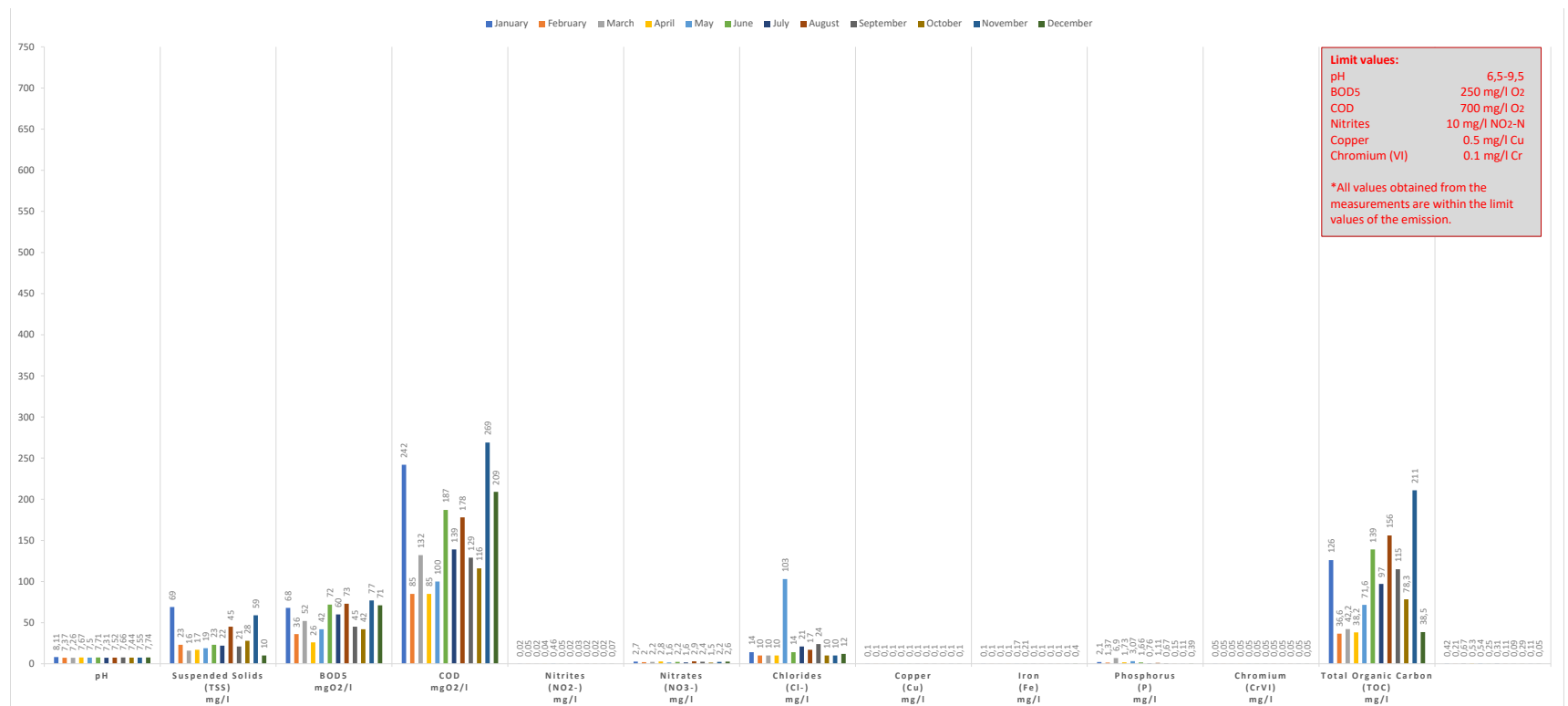
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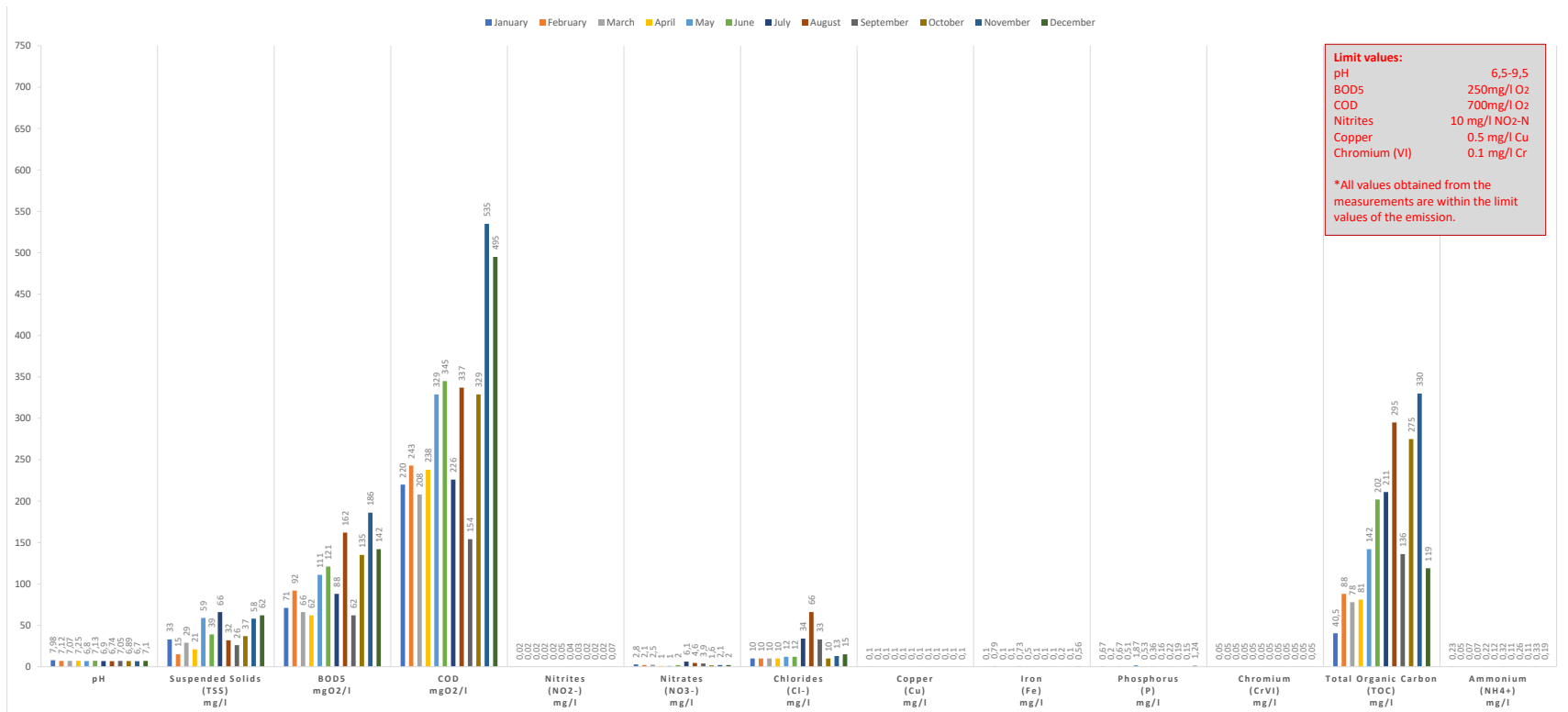
## WATER EMISSION MONITORING FOR ALL PROFIT CENTERS OF ALKALOID AD SKOPJE FOR 2023

### MONTHLY ANALYSES OF WASTE WATER PC PHARMACEUTICALS AVTOKOMANDA, MEASURING POINT C3 - SOUTHWEST, 2023



WATER EMISSION MONITORING FOR ALL PROFIT CENTERS  
OF ALKALOID AD SKOPJE FOR 2023

MONTHLY ANALYSES OF WASTE WATER PC PHARMACEUTICALS GJORCHE PETROV, MEASURING POINT C1 - CEPHALOSPORINS, 2023



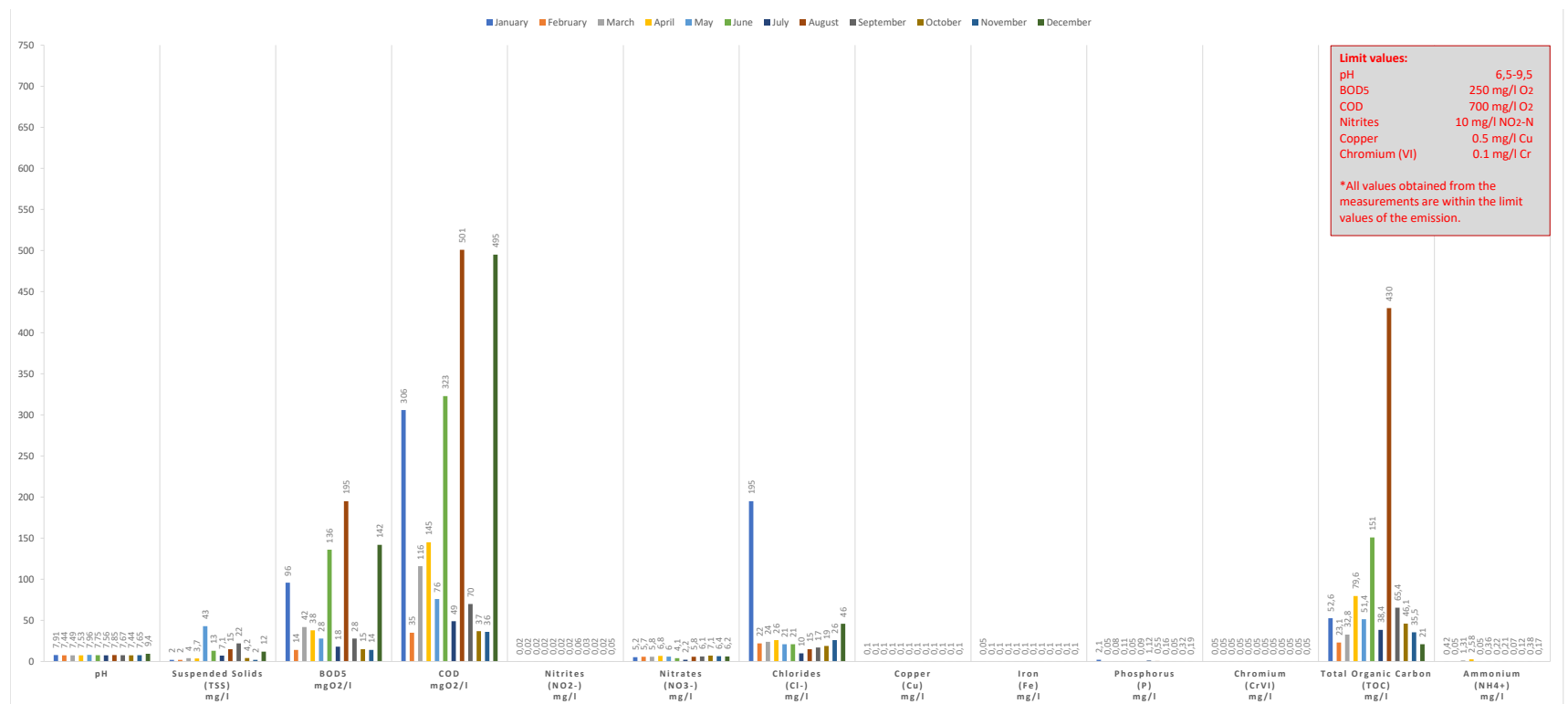
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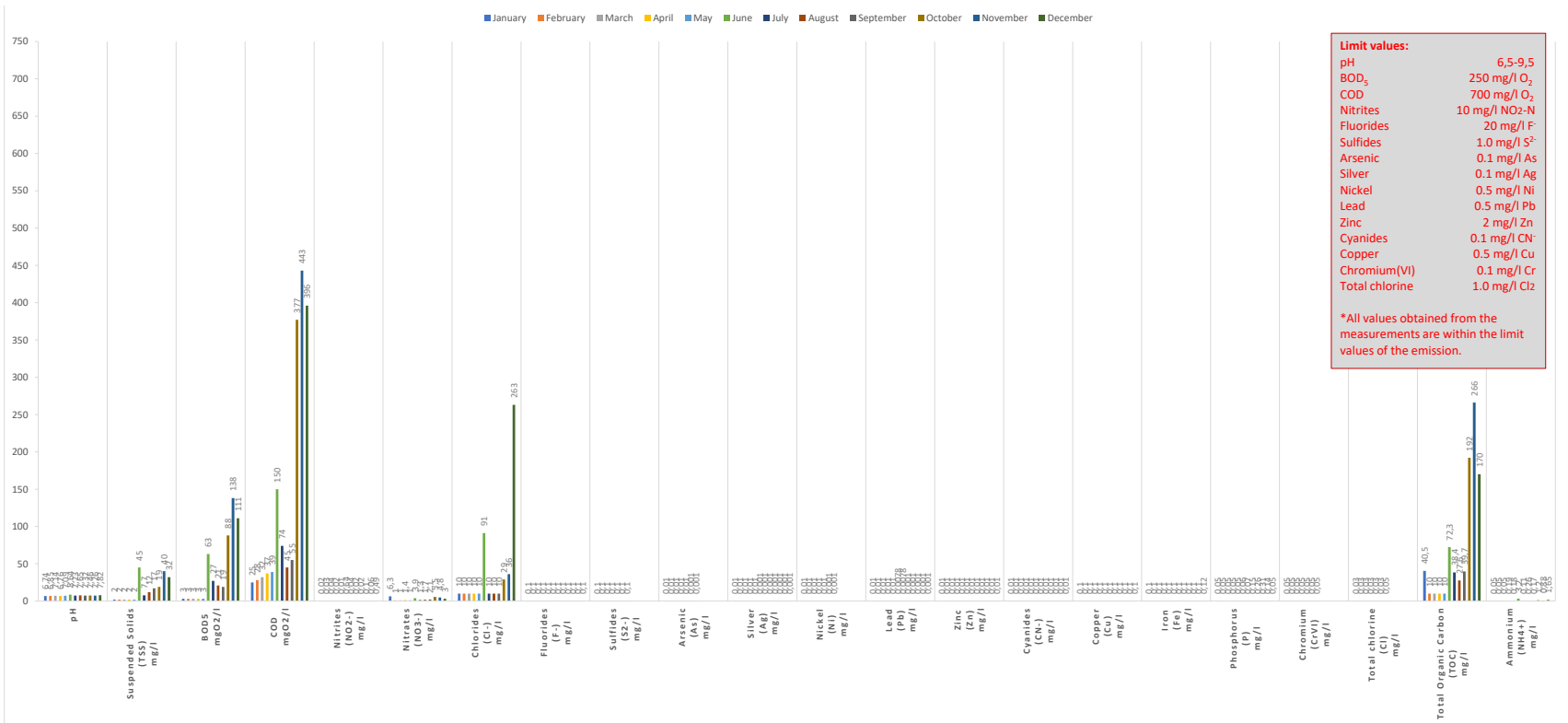
## WATER EMISSION MONITORING FOR ALL PROFIT CENTERS OF ALKALOID AD SKOPJE FOR 2023

### MONTHLY ANALYSES OF WASTE WATER PC PHARMACEUTICALS GJORCHE PETROV, MEASURING POINT C2 - ACTIVE PHARMACEUTICAL INGREDIENTS (API), 2023



WATER EMISSION MONITORING FOR ALL PROFIT CENTERS  
OF ALKALOID AD SKOPJE FOR 2023

MONTHLY ANALYSES OF WASTE WATER PC CHEMISTRY COSMETICS BOTANICALS, PROGRAM CHEMISTRY & COSMETICS  
GJORCHE PETROV, MEASURING POINT PARSHALL FLUME, 2023



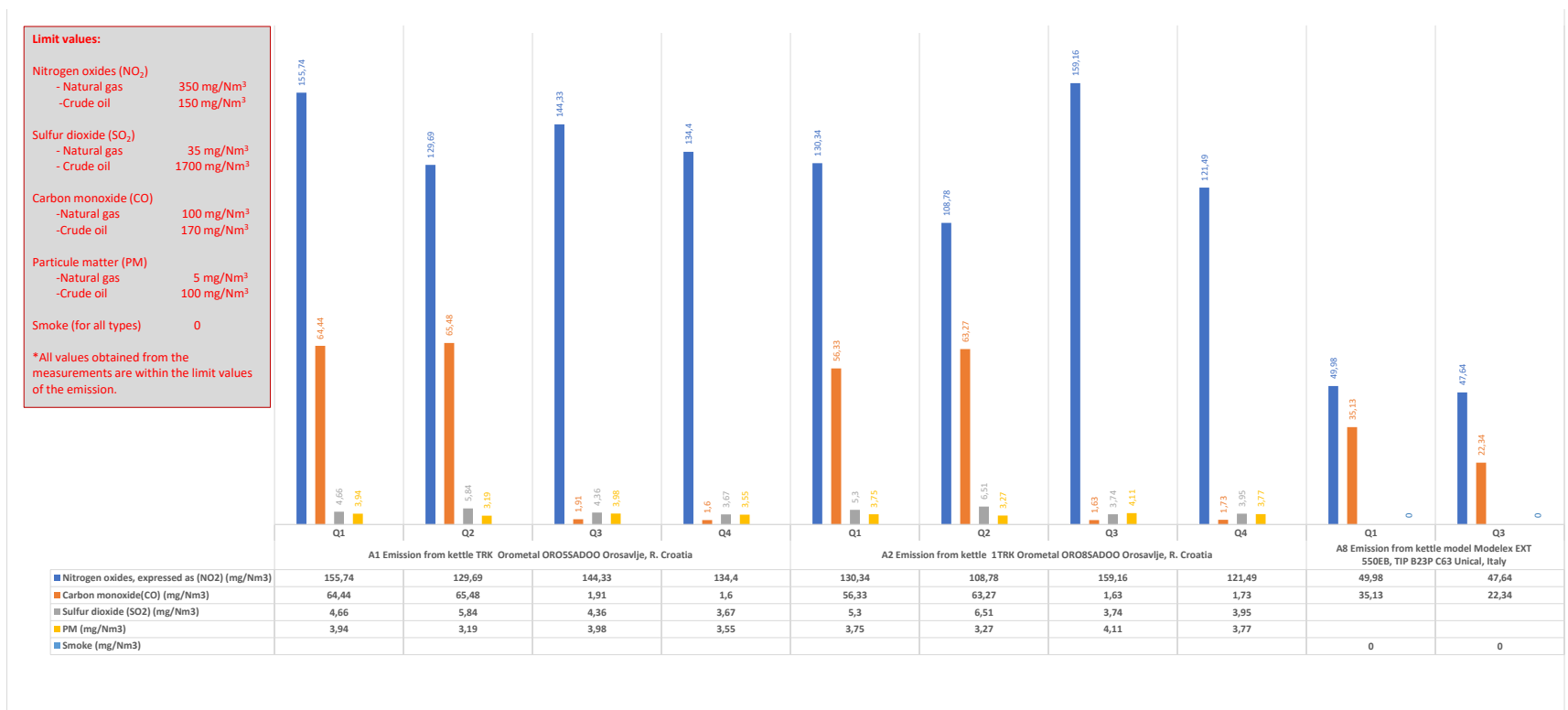
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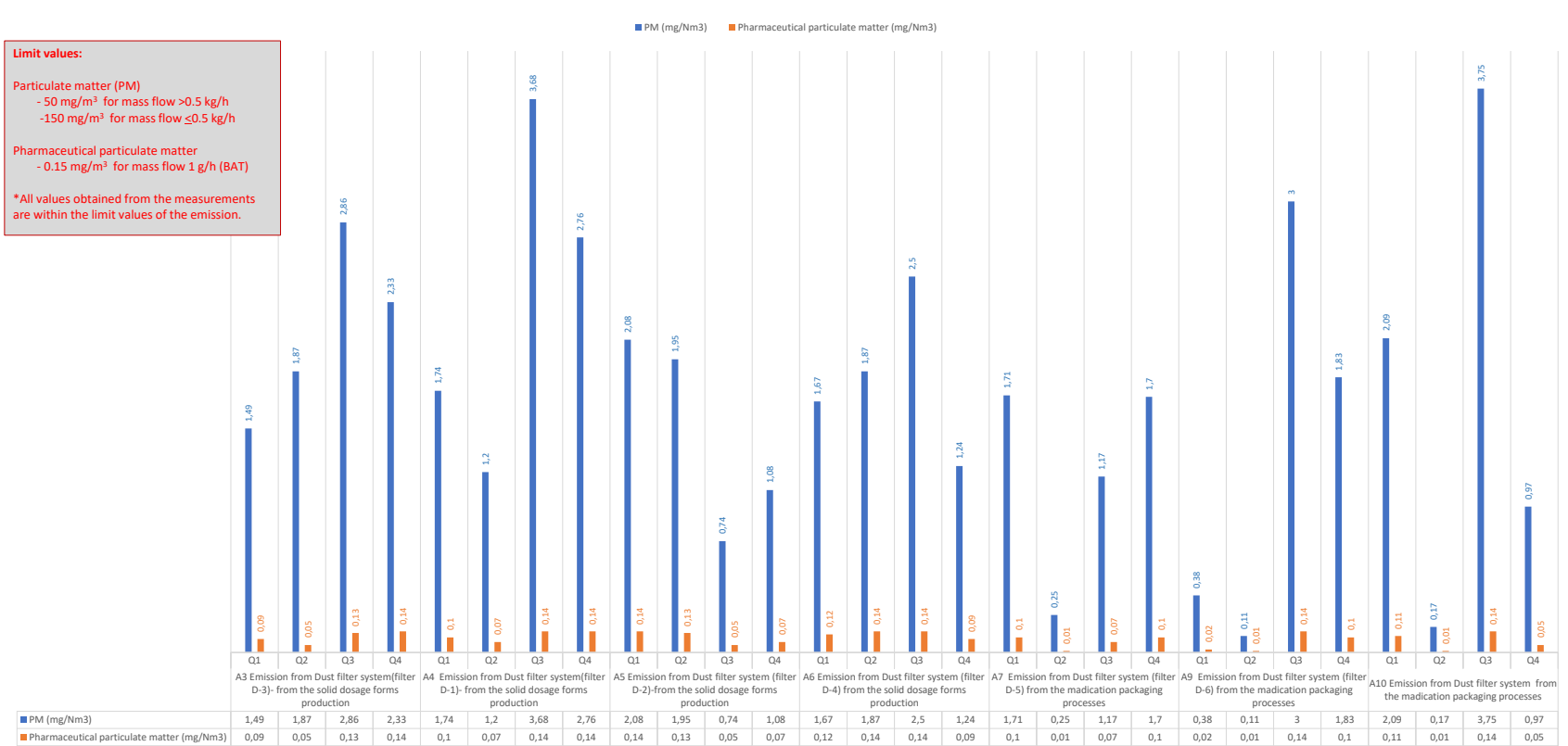
## AIR EMISSION MONITORING FOR ALL PROFIT CENTERS OF ALKALOID AD SKOPJE FOR 2023

### MEASURED EMISSIONS IN AIR FROM THE BOILER UNIT PC PHARMACEUTICALS IN AVTOKOMANDA FOR 2023



AIR EMISSION MONITORING FOR ALL PROFIT CENTERS  
OF ALKALOID AD SKOPJE FOR 2023

MEASURED EMISSIONS IN AIR FROM THE DUST FILTER UNITS PC PHARMACEUTICALS IN AVTOKOMANDA FOR 2023



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## AIR EMISSION MONITORING FOR ALL PROFIT CENTERS OF ALKALOID AD SKOPJE FOR 2023

### MEASURED EMISSIONS IN AIR PC PHARMACEUTICALS, GJORCE PETROV FOR 2023

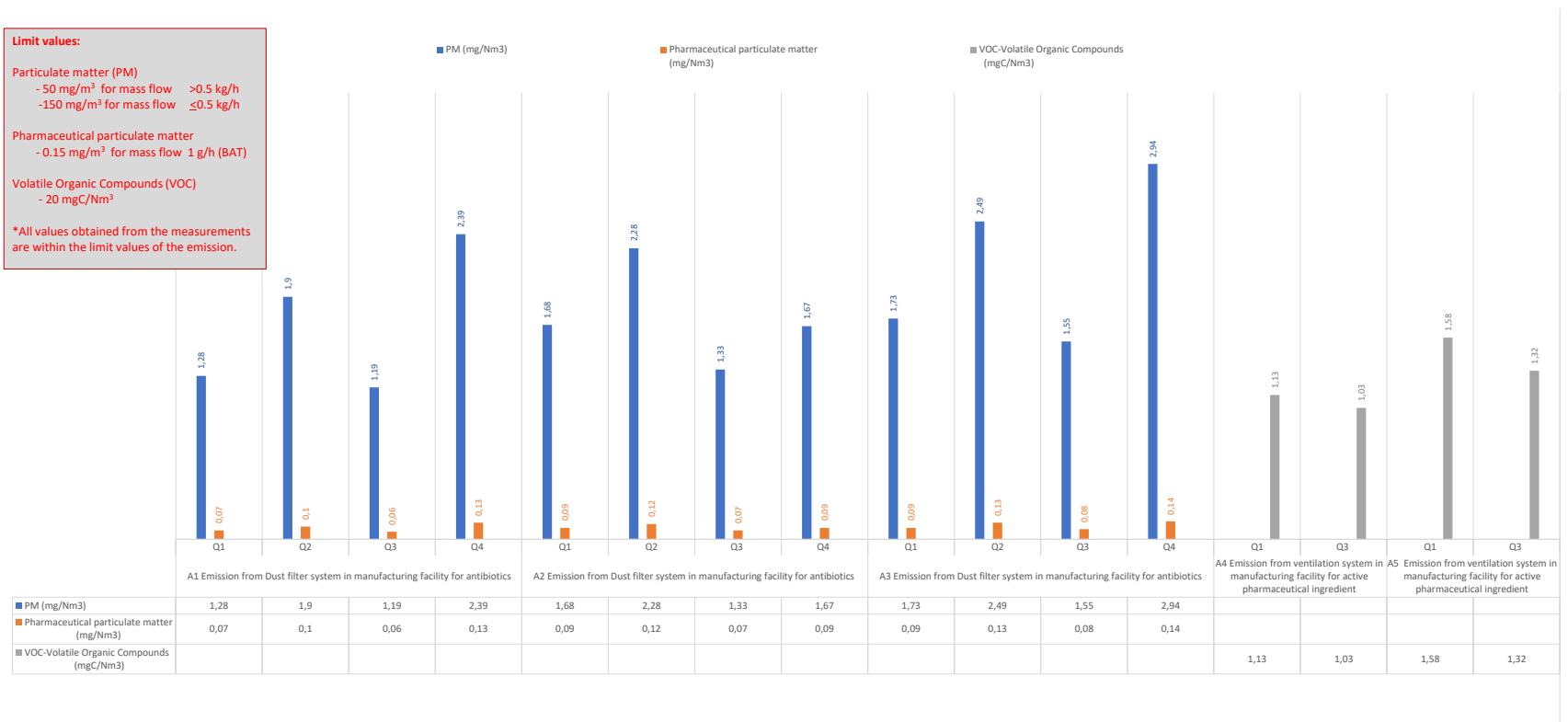
**Limit values:**

Particulate matter (PM)  
 - 50 mg/m<sup>3</sup> for mass flow >0.5 kg/h  
 - 150 mg/m<sup>3</sup> for mass flow ≤0.5 kg/h

Pharmaceutical particulate matter  
 - 0.15 mg/m<sup>3</sup> for mass flow 1 g/h (BAT)

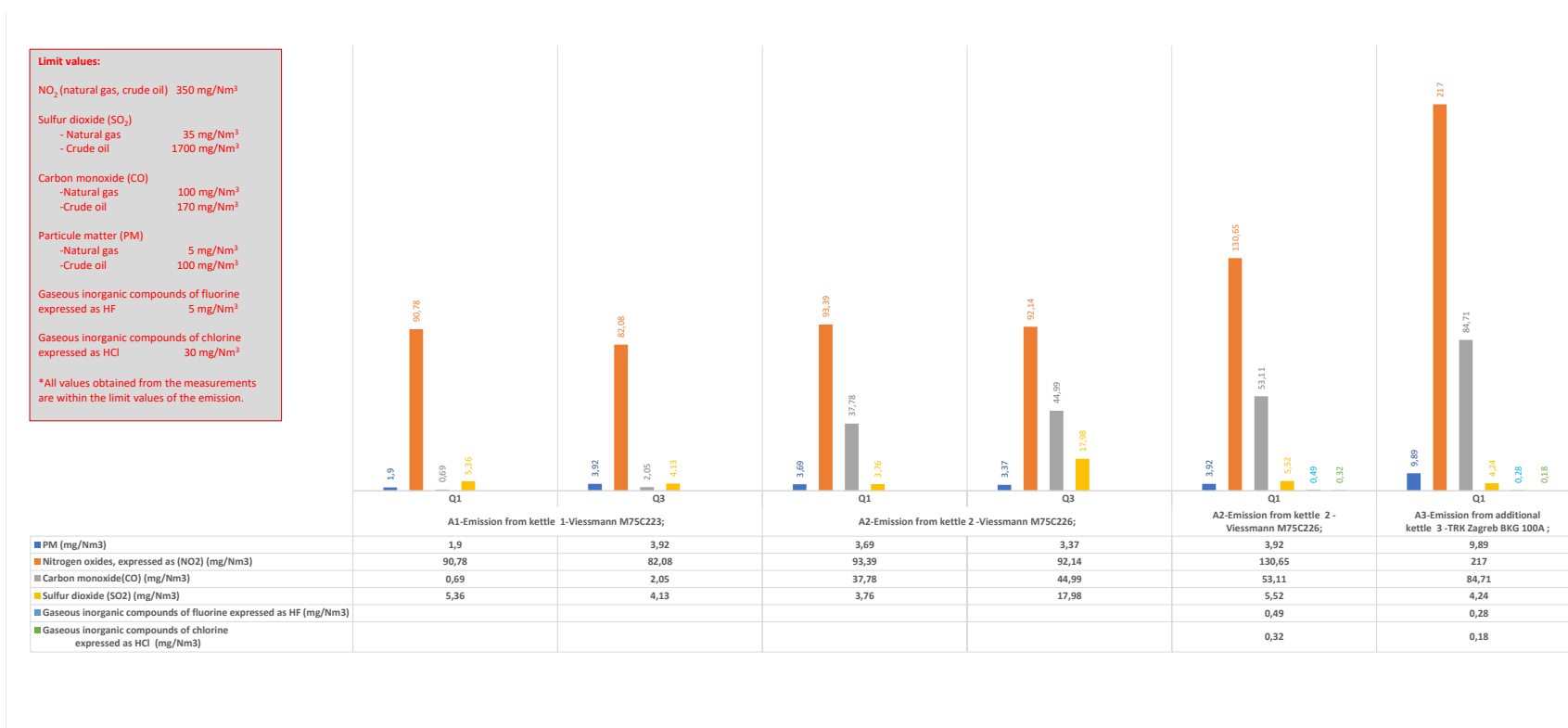
Volatile Organic Compounds (VOC)  
 - 20 mgC/Nm<sup>3</sup>

\*All values obtained from the measurements are within the limit values of the emission.



AIR EMISSION MONITORING FOR ALL PROFIT CENTERS  
OF ALKALOID AD SKOPJE FOR 2023

MEASURED EMISSIONS IN AIR FROM THE BOILER UNIT PC PHARMACEUTICALS AND PC CCB,  
PROGRAM CHEMISTRY AND PROGRAM COSMETICS, GJORCE PETROV FOR 2023



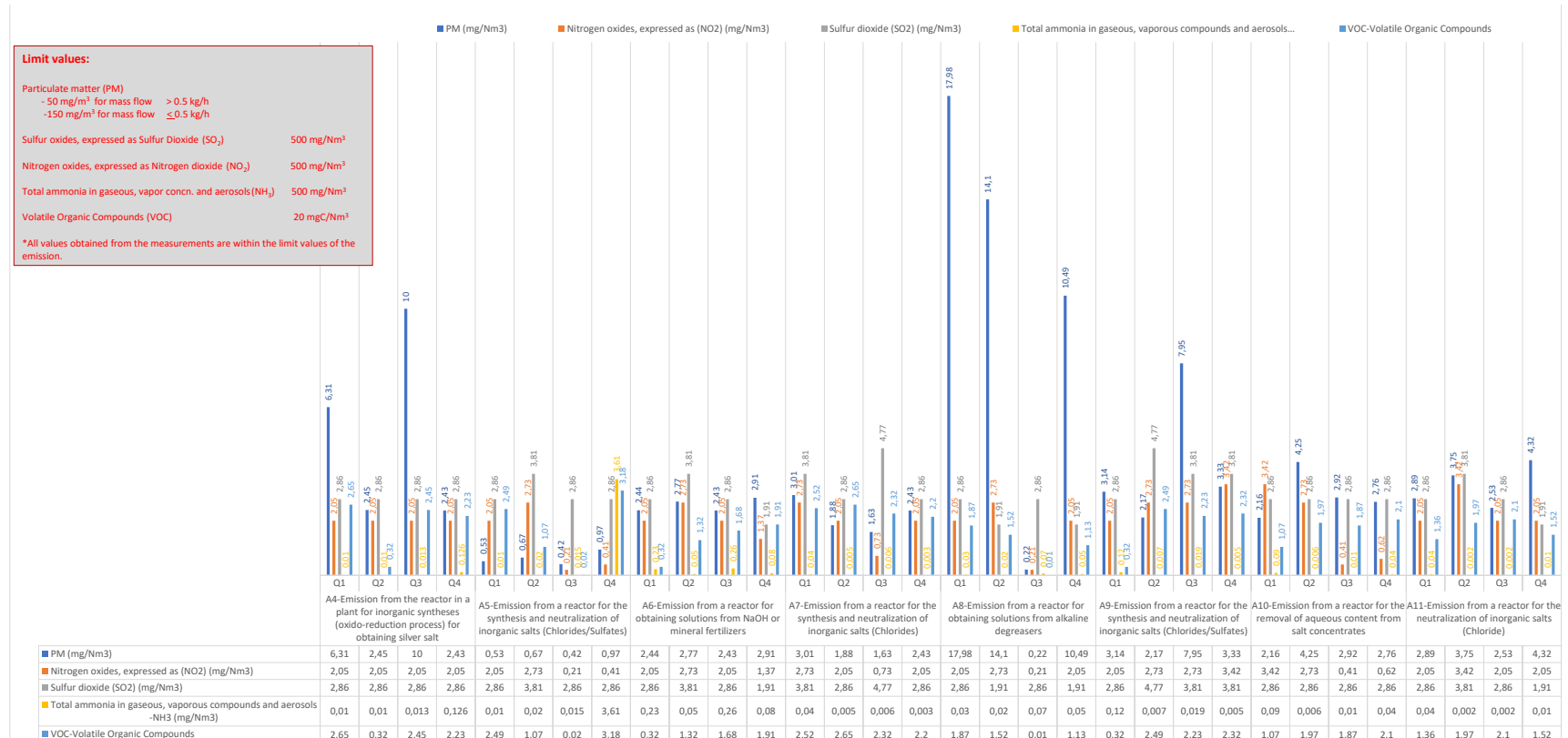
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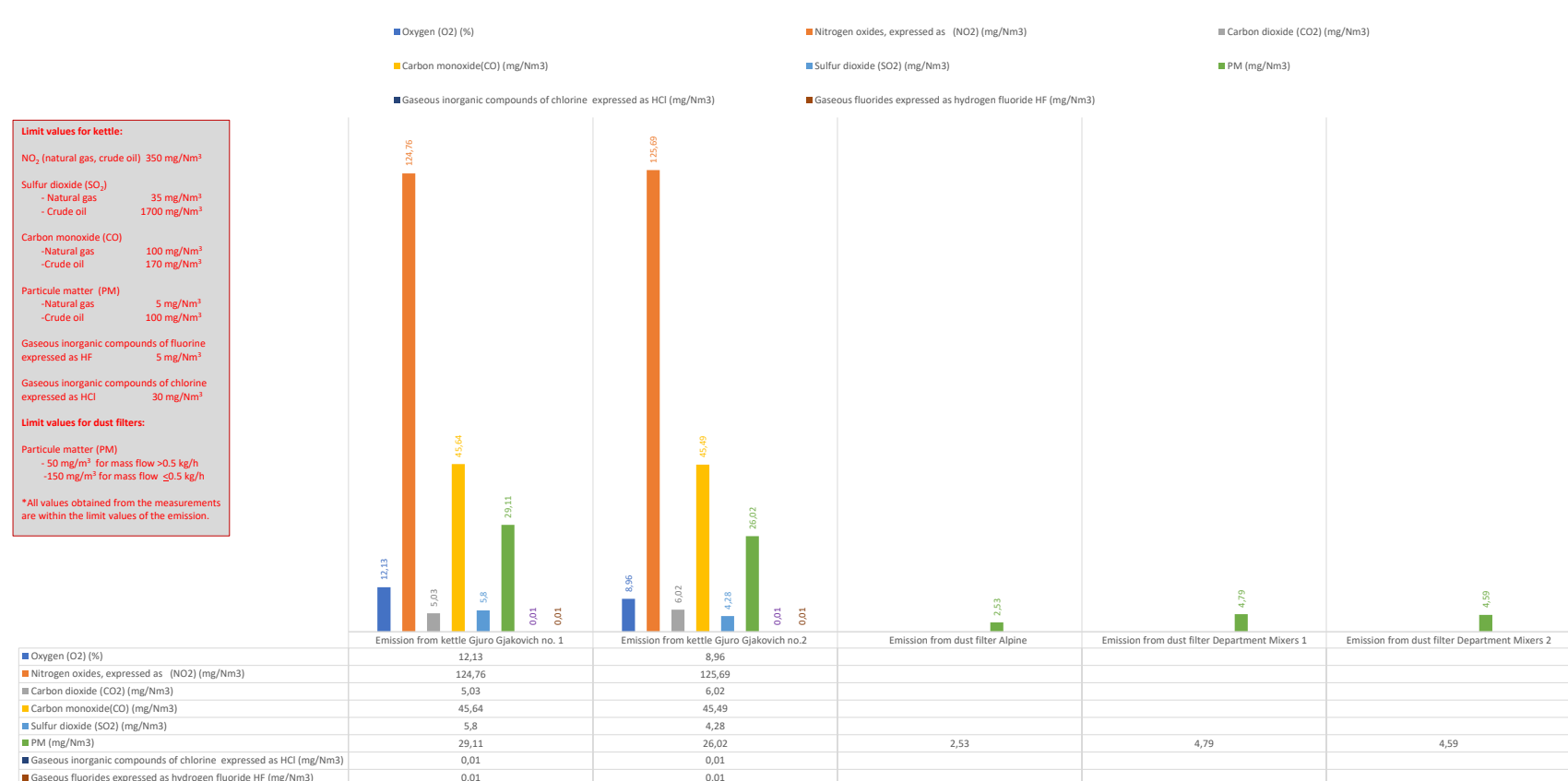
## AIR EMISSION MONITORING FOR ALL PROFIT CENTERS OF ALKALOID AD SKOPJE FOR 2023

### MEASURED EMISSIONS IN AIR PC CCB, PROGRAM CHEMISTRY, GJORCE PETROV FOR 2023



AIR EMISSION MONITORING FOR ALL PROFIT CENTERS  
OF ALKALOID AD SKOPJE FOR 2023

MEASURED EMISSIONS IN AIR PC CCB, PROGRAM BOTANICALS, AERODROM FOR 2023



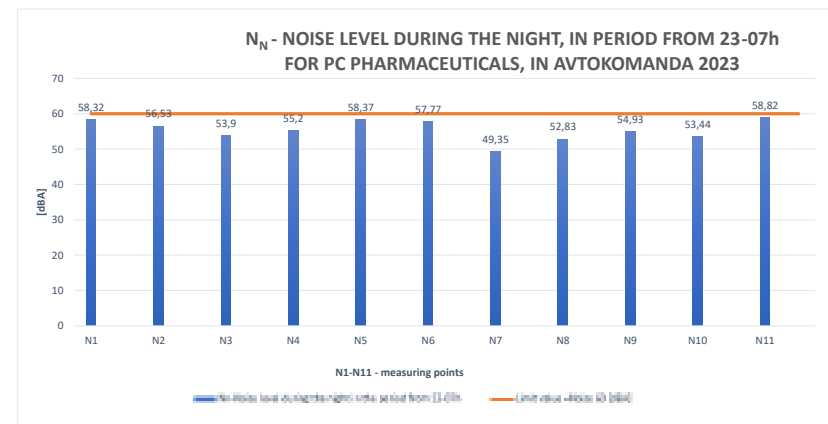
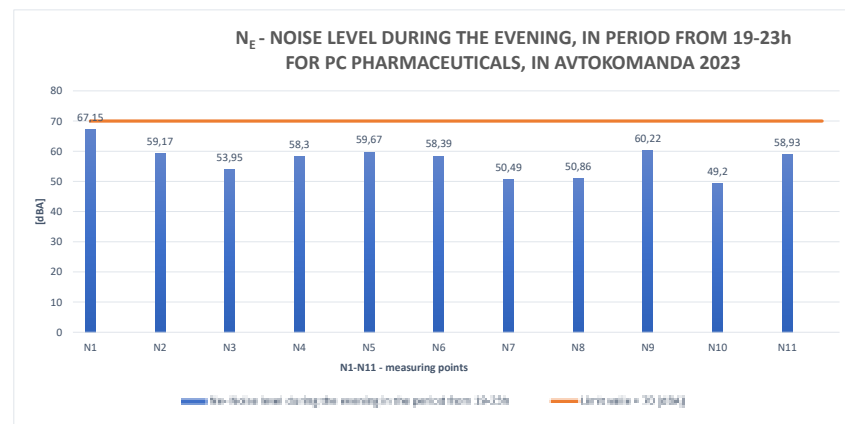
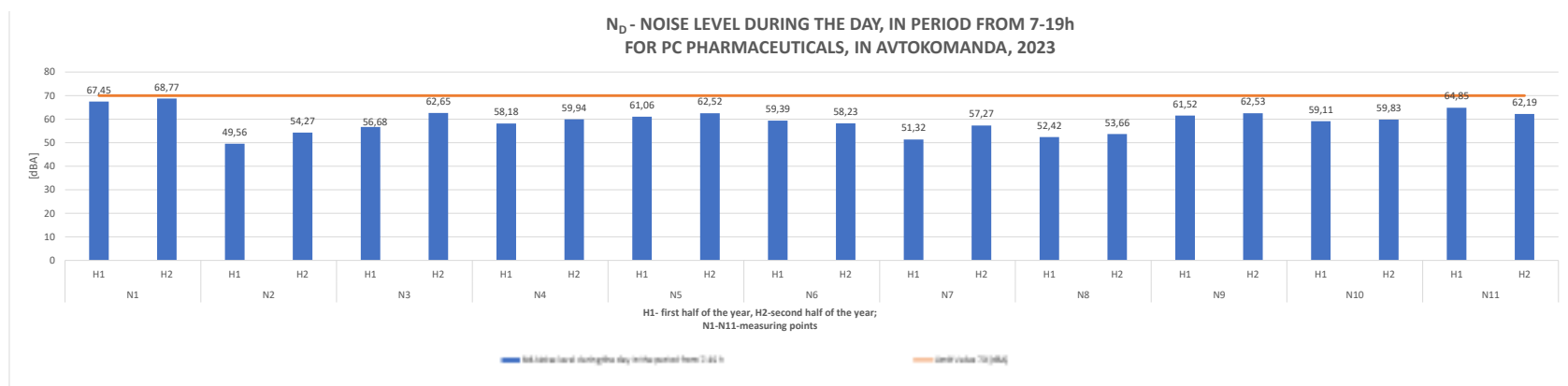
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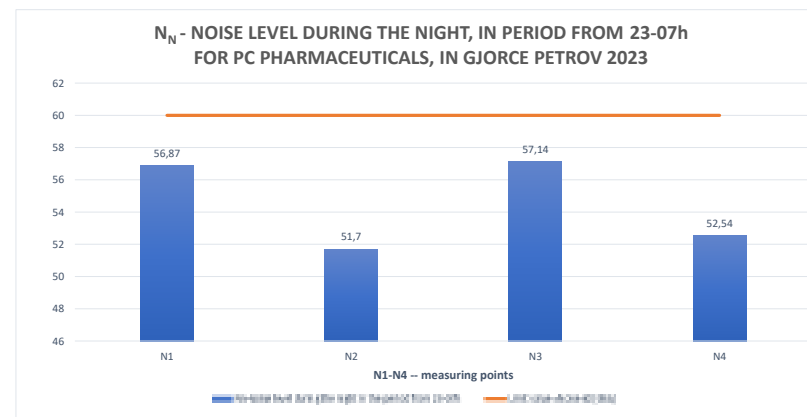
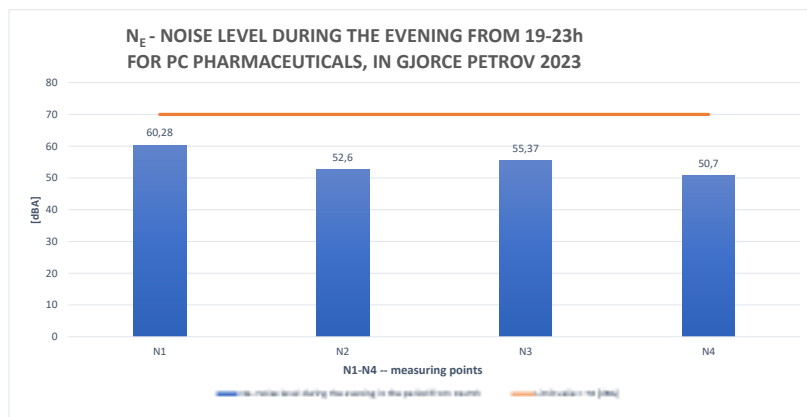
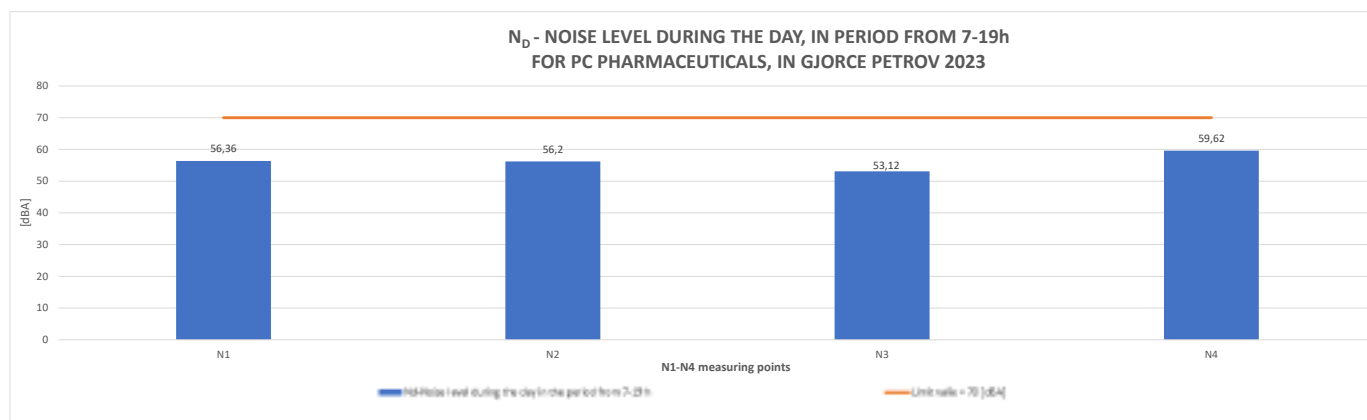
## NOISE EMISSION MONITORING FOR ALL PROFIT CENTERS OF ALKALOID AD SKOPJE FOR 2023

### NOISE EMISSION MONITORING PC PHARMACEUTICALS IN AVTOKOMANDA FOR 2023



## NOISE EMISSION MONITORING FOR ALL PROFIT CENTERS OF ALKALOID AD SKOPJE FOR 2023

### NOISE EMISSION MONITORING PC PHARMACEUTICALS IN GJORCE PETROV FOR 2023



ENVIRONMENT

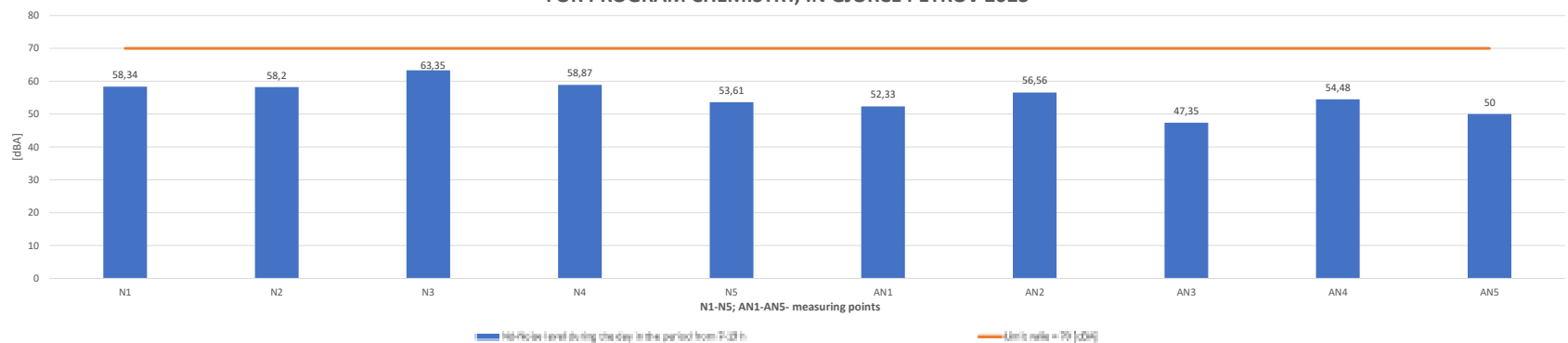
SOCIAL

GOVERNANCE

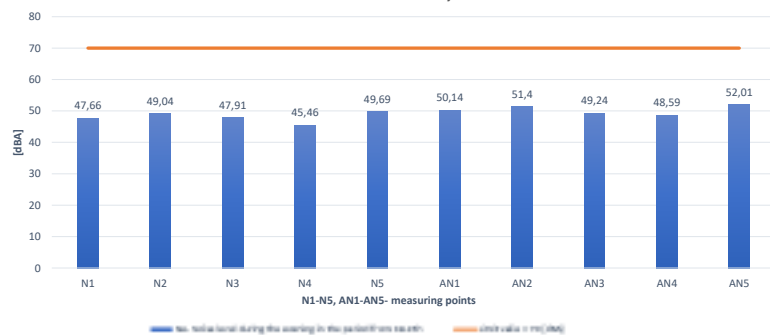
## NOISE EMISSION MONITORING FOR ALL PROFIT CENTERS OF ALKALOID AD SKOPJE FOR 2023

### NOISE EMISSION MONITORING PC CCB, PROGRAM CHEMISTRY FOR 2023

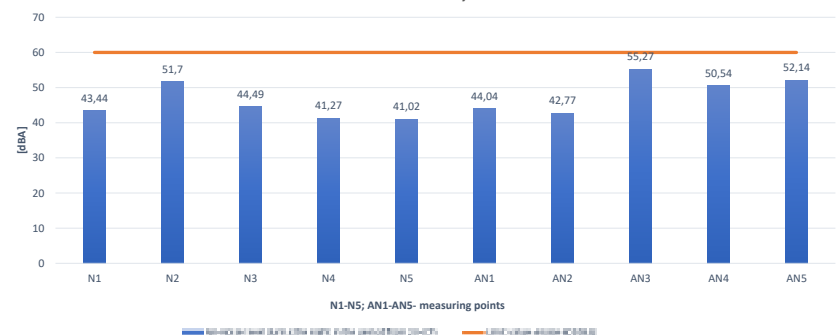
**N<sub>D</sub> - NOISE LEVEL DURING THE DAY, IN PERIOD FROM 7-19h FOR PROGRAM CHEMISTRY, IN GJORCE PETROV 2023**



**N<sub>E</sub> - NOISE LEVEL DURING THE EVENING, IN PERIOD FROM 19-23h FOR PROGRAM CHEMISTRY, IN GJORCE PETROV 2023**

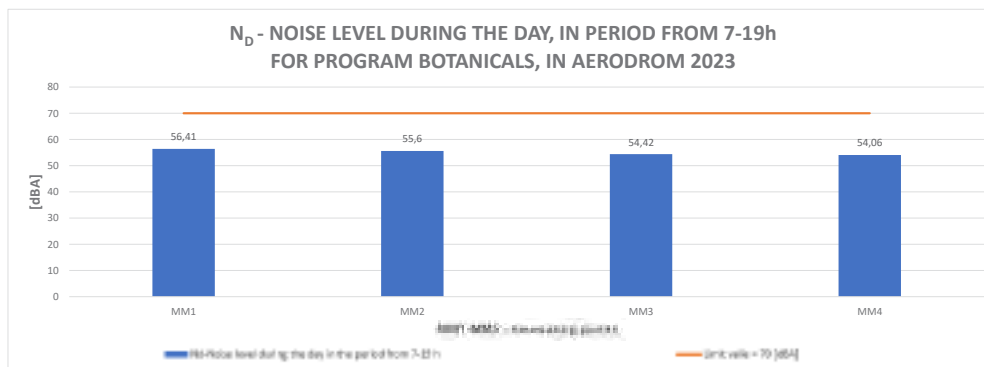
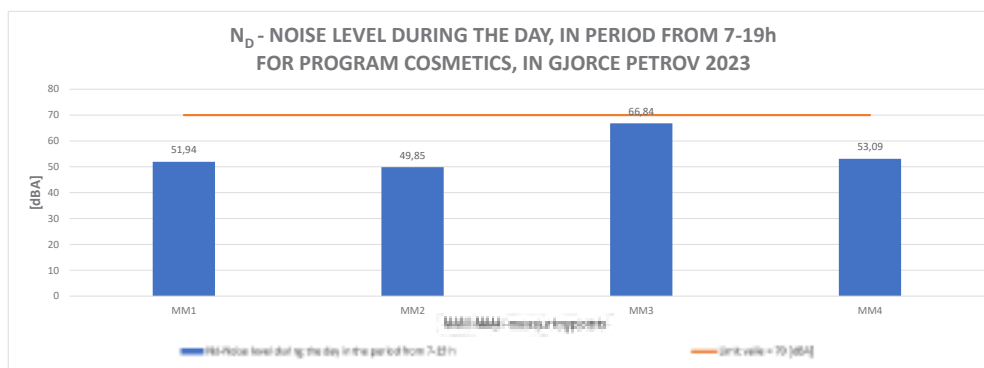


**N<sub>N</sub> - NOISE LEVEL DURING THE NIGHT, IN PERIOD FROM 23-07h FOR PROGRAM CHEMISTRY, IN GJORCE PETROV 2023**



NOISE EMISSION MONITORING FOR ALL PROFIT CENTERS OF ALKALOID AD SKOPJE FOR 2023

NOISE EMISSION MONITORING PC CCB, PROGRAM COSMETICS AND BOTANICALS FOR 2023



ENVIRONMENT

SOCIAL

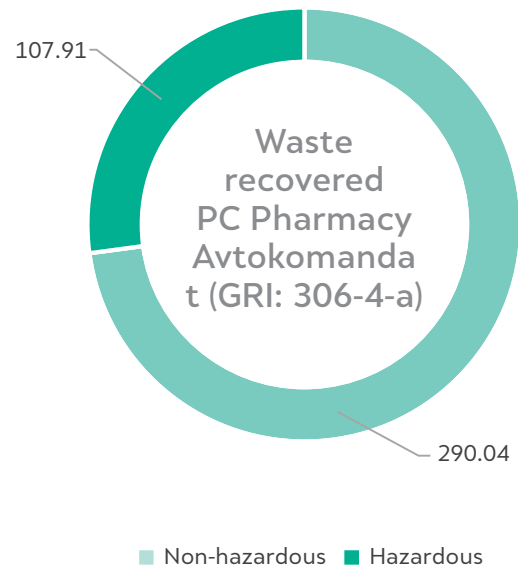
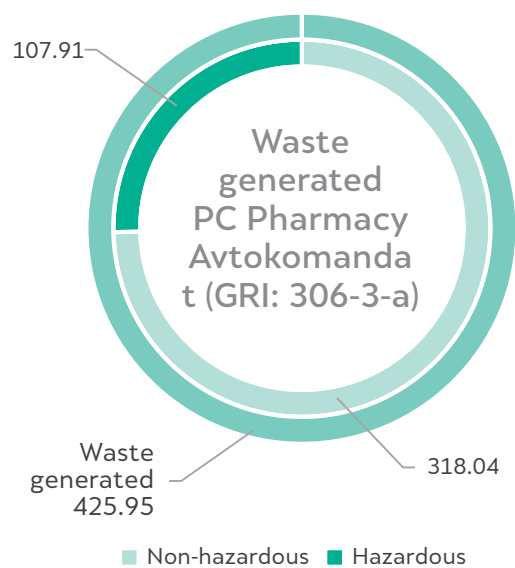
GOVERNANCE



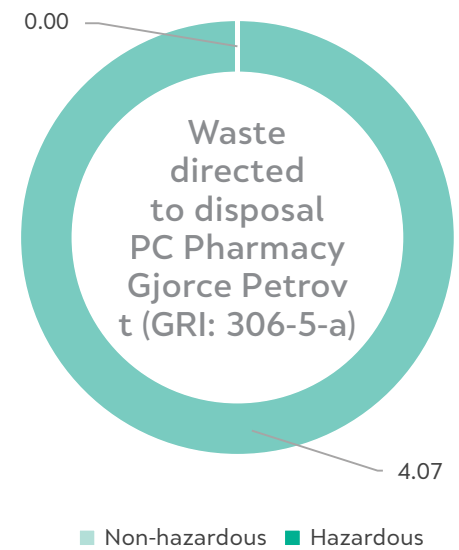
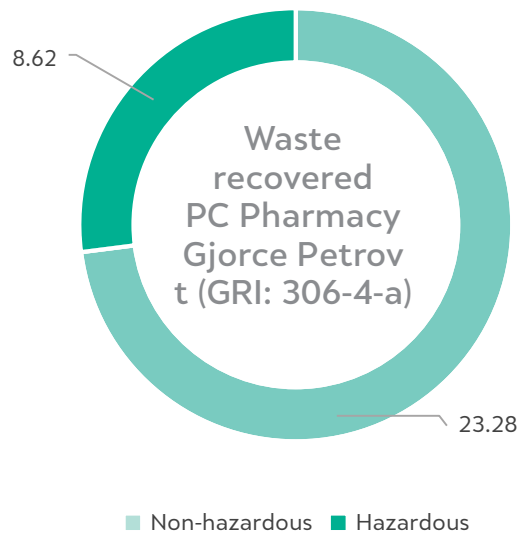
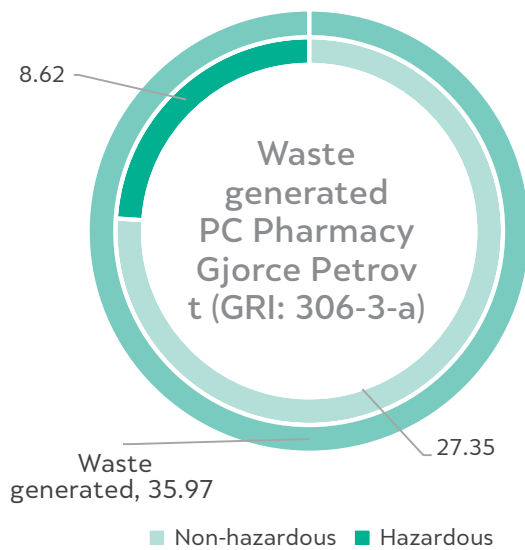
Annex 2:  
Waste  
generated  
by site

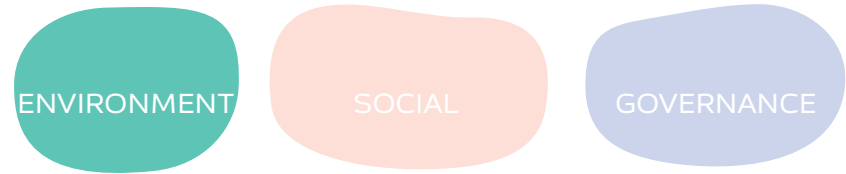


## Total generated waste Pharmacy Avtokomanda 2023

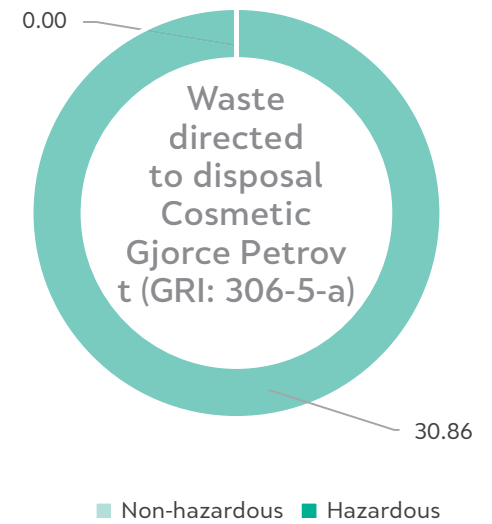
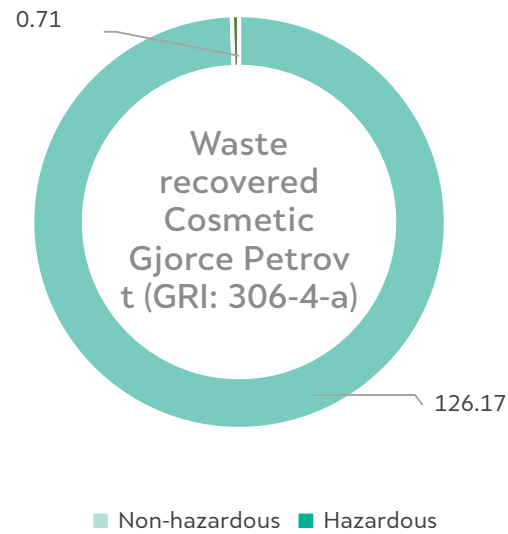
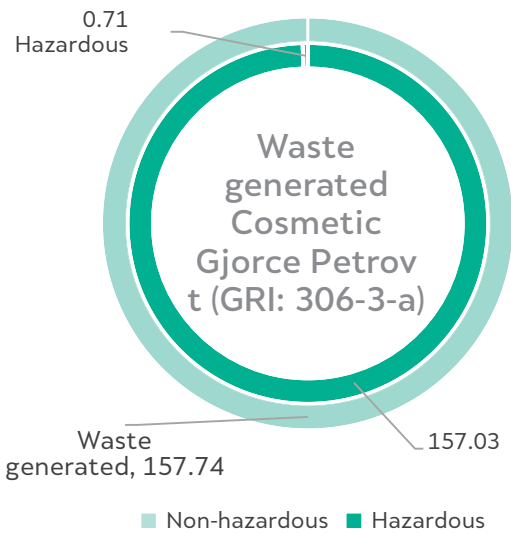


## Total generated waste Pharmacy Gjorce Petrov 2023

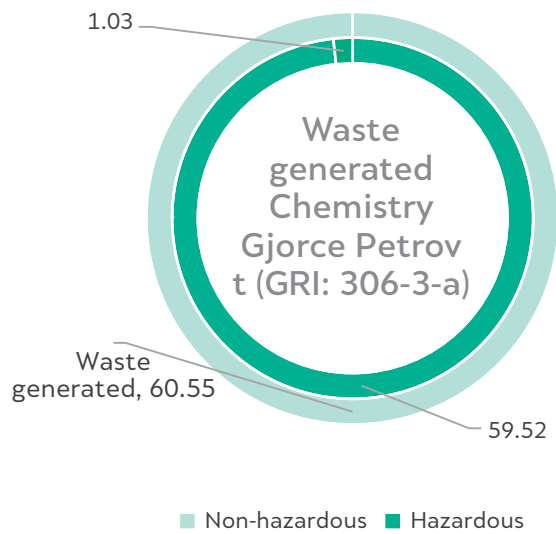




## Total generated waste Cosmetic Gjorce Petrov 2023

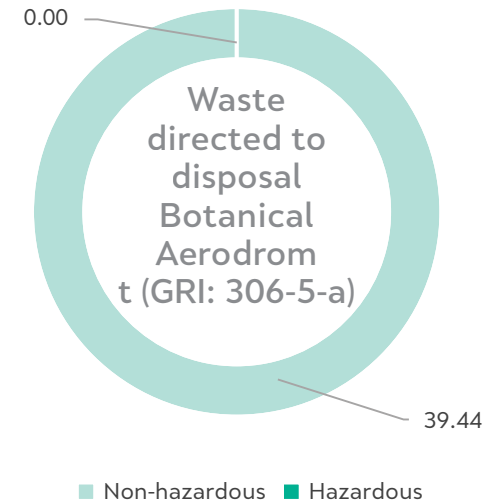
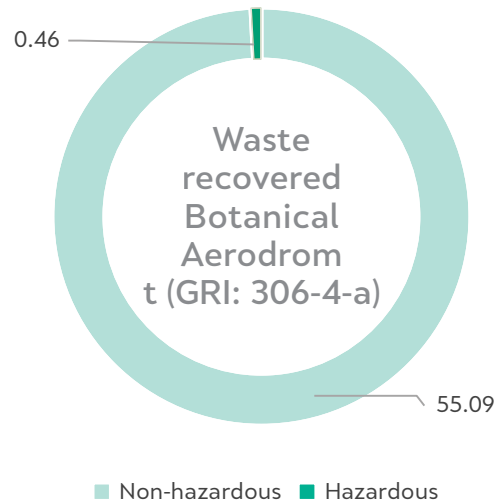
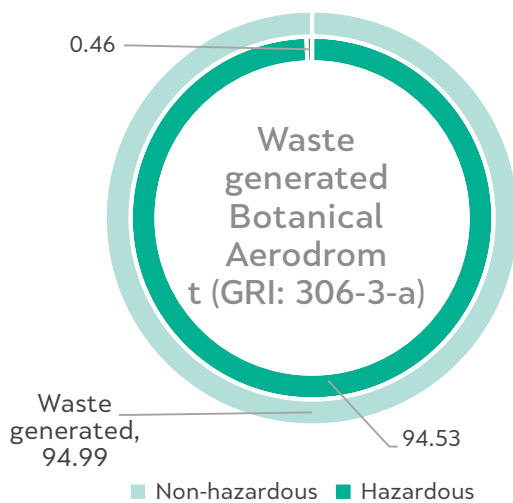


## Total generated waste Chemistry Gjorce Petrov 2023





# Total generated waste Botanical Aerodrom 2023



Annex 3:  
Monitoring  
GRI indicators  
401, 404, 405

ENVIRONMENT

SOCIAL

GOVERNANCE

| Measurement Indicators According to GRI Standard 401 – Employment.<br>401-1 New Hires and Employee Turnover (Data for ALKALOID AD) |                                     |        |          |        |         |                  |                      |
|--|-------------------------------------|--------|----------|--------|---------|------------------|----------------------|
| Total number of company employees (ALKALOID AD)  | New hires by category               |        |          |        |         | Total new hires  | Total % of new hires |
|  | Men                                 | Women  | Under 30 | 30-50  | over 50 |                  |                      |
| 2103   | 117                                 | 113    | 115      | 113    | 2       | 230              | 10.94%               |
| % in relation to total new hires   | 50.87%                              | 49.13% | 50.00%   | 49.13% | 0.87%   |                  |                      |
| Average number of company employees  | Departures from company by category |        |          |        |         | Total departures | Total turnover       |
|  | Men                                 | Women  | Under 30 | 30-50  | over 50 |                  |                      |
| 2035.5   | 32                                  | 30     | 25       | 37     | 0       | 62               | 3.05%                |
| % in relation to total departures  | 51.61%                              | 48.39% | 40.32%   | 59.68% | 0.00%   |                  |                      |

| Measurement Indicators According to GRI Standard 404 - Training and Education |                                 | Training hours per category |   |
|---|---------------------------------|-----------------------------|---|
| 404-1 - Average number of training hours per employee per year.               | Number of employees by category | Total training hours        | Average number of training hours  |
| Total number of employees *   | 2151                            | 256740.99                   | 119.36  |
| Total number of women employees   | 1252                            |                             | 128.32  |
| Total number of men employees   | 899                             |                             | 106.87  |
| Total number of employees under 30  | 460                             |                             | 262.86  |
| Total number of employees 30-50   | 1445                            |                             | 89.79   |
| Total number of employees over 50   | 246                             |                             | 36.87   |
|   |                                 |                             | Number of Employees Receiving Career Development and Performance Feedback |
| 404-3 % of Employees Receiving Career Development and Performance Feedback    | Number of employees by category | Total included SUT          | Total % of SUT  |
| Total number of company employees   | 2103                            | 767                         | 36.47%  |
| Total number of women employees   | 1218                            |                             | 29.06%  |
| Total number of men employed  | 885                             |                             | 46.67%  |
| Total number of employees under 30  | 442                             |                             | 21.72%  |
| Total number of employees 30-50   | 1430                            |                             | 39.93%  |
| Total number of employees over 50   | 231                             |                             | 43.29%  |

\* Training hours shown include employees hired through a temporary employment agency)

ENVIRONMENT

SOCIAL

GOVERNANCE

| Measurement indicators in accordance with the requirements of the GRI 405-1 standard<br>- Diversity of management bodies and employees. |  |        |          |        |         |
|---|--|--------|----------|--------|---------|
| Total number of employees in management bodies  | Members of management bodies by category |        |          |        |         |
|   | Men                                      | Women  | Under 30 | 30-50  | over 50 |
| 8   | 6  | 2      | 0        | 4      | 4       |
| % in relation to total number in management bodies  | 75.00%                                   | 25.00% | 0        | 50.00% | 50.00%  |
| Total number of company employees (ALKALOID AD)   | Employees by category                    |        |          |        |         |
|   | Men                                      | Women  | Under 30 | 30-50  | over 50 |
| 2103  | 885                                      | 1218   | 442      | 1430   | 231     |
| % in relation to total employees  | 42.08%                                   | 57.92% | 21.02%   | 68.00% | 10.98%  |



**ALKALOID**  
SKOPJE

*Health above all*

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