

STAND-ALONE  
ANNUAL REPORT  
ALKALOID AD SKOPJE

20  
23



**ALKALOID**  
SKOPJE



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ANNUAL REPORT  
**ALKALOID AD SKOPJE**

20  
23

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FOR THE PERIOD JANUARY – DECEMBER 2023



**ALKALOID**  
**SKOPJE**

*Health above all*



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# **ALKALOID** highlights 2023

**199 million EUR**

sales revenues and

**24.7 million EUR**

stand-alone net income

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**20% growth**

of stand-alone export

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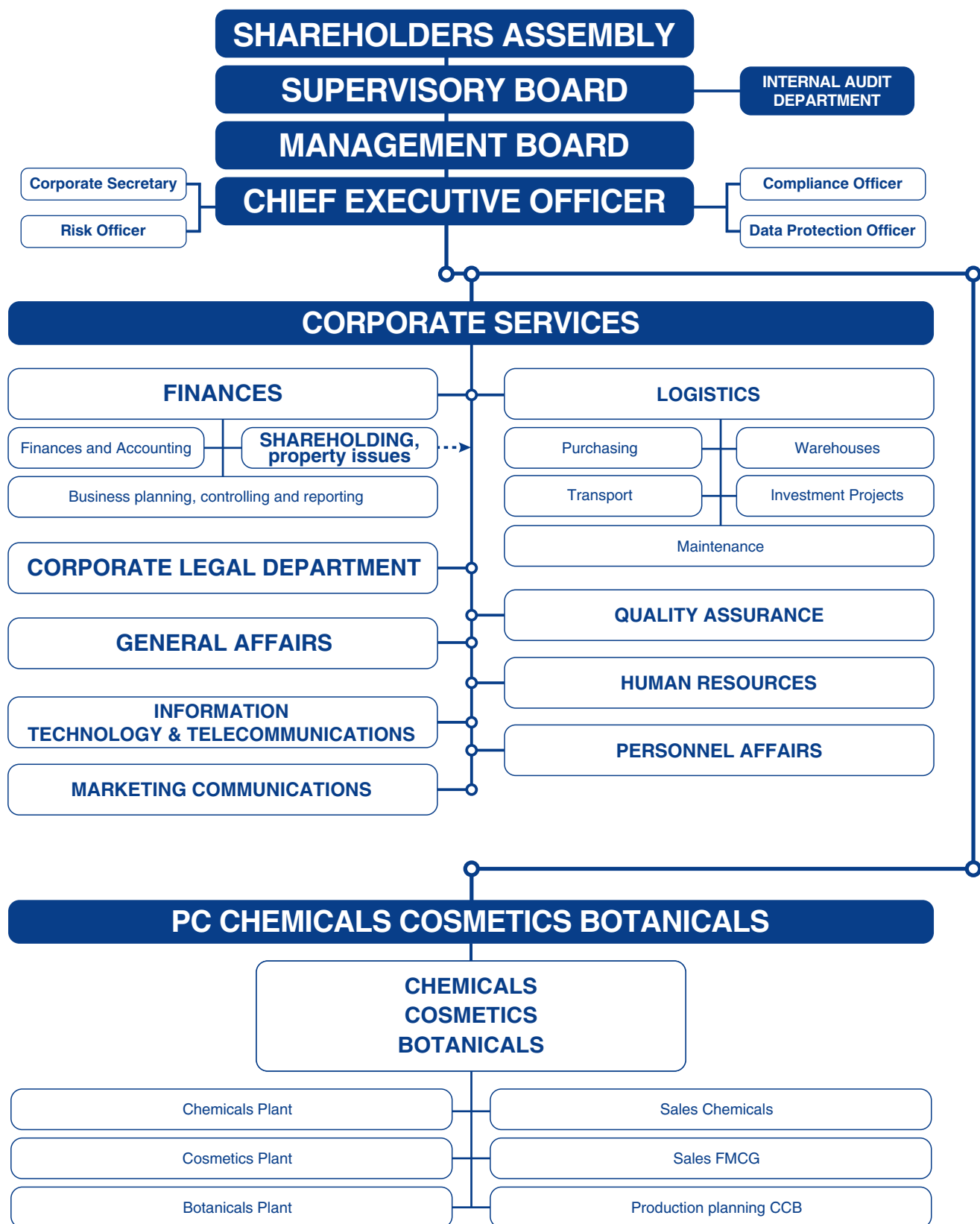
Investments in fixed assets in  
amount of  
**EUR 27.6 million**

ALKALOID AD Skopje  
registered **a new subsidiary**  
**in Serbia**

ALKALOID Commissions New  
Investment Project Worth  
**€3.8 Million**

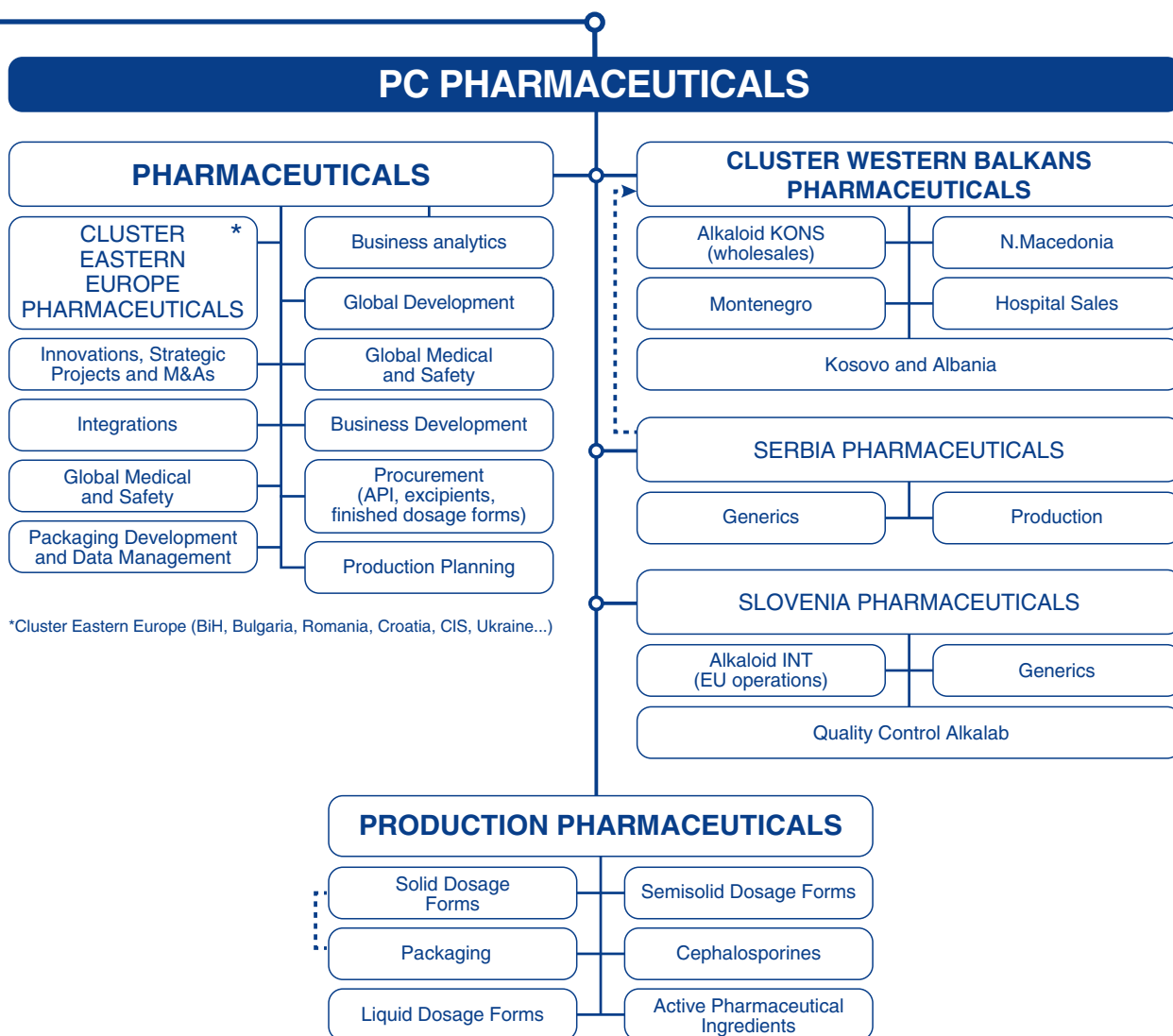
**45 years** Bectan

ALKALOID starts implementing a  
cutting-edge  
**Manufacture Execution  
System - AlkaMES**





# 2023 ORGANIZATIONAL CHART ALKALOID AD SKOPJE



# Corporate governance

**A**LKALOID AD Skopje is a global company that firmly and continuously respects and applies its core values based on the highest ethical norms and standards. Good corporate governance is one of the basic and key values and principles of the operations of ALKALOID AD Skopje. Daily application of existing standards for good corporate governance and following the latest trends in this area, lead to continuous growth, both financially and in the field of quality human resources available to the company. All the efforts of ALKALOID AD Skopje for the application of the standards for good corporate governance are recognized and valorized, both by the professional and the wider Macedonian public. In order to give public recognition to the most recognizable and most active participants and other entities that are directly or indirectly related to the Macedonian securities market, "Macedonian Stock Exchange" AD Skopje, traditionally, at the end of the calendar year awards annual prizes in several categories. ALKALOID AD Skopje in 2023 won two first awards, in the category "Most Transparent Listed Joint Stock Company for 2023" - by selection of journalists - as well as in the category "Share of the Year for 2023" - by public choice

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.

**ALKALOID AD Skopje in 2023 won two first awards, in the category "Most Transparent Listed Joint Stock Company for 2023" - by selection of journalists - as well as in the category "Share of the Year for 2023" - by public choice**

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 Code of Corporate Governance 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 aligning with the principles outlined in the Code.

**A**LKALOID AD Skopje is a company organized according to a two-tier management system consisted by the Management Board and Supervisory Board. The Management Board has the broadest authorizations in managing the company, while the Supervisory Board supervises the managing of the company. The management process in ALKALOID is fully compliant with the laws in the Republic of North Macedonia, as well as with the domestic and international good practices.

Following the Rulebook on Shareholder Relations, ALKALOID reaffirmed its commitment to engaging and collaborating with its 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 assumed a pivotal role in coordinating and organizing all activities pertinent to ESG processes within ALKALOID.

In October 2023, ALKALOID adopted the Supplier Code of Conduct, reaffirming our commitment to conducting all business operations with the utmost ethical standards, including ensuring and upholding an open and responsible supply chain.

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.

Last year, the company actively committed to increasing female representation in its Supervisory and Management Boards to at least 30% by 2025. The company conducted extensive analyses and studies to identify qualified female candidates to achieve this goal. As a result of these efforts, the company has 33% female members on its Supervisory Board in 2023. Currently, the company's Management Board has 20% female representation and is actively working toward increasing the number of women included in the management bodies.

# Shareholders Assembly

The Shareholders' Assembly is the highest governance body in ALKALOID AD Skopje. In accordance with the Law on Trade Companies, every shareholder registered in the shareholders' registry from the day of record has the right to participate in the work of the Assembly and the right to vote. At the Shareholders' Assembly the fundamental decisions for the company are made, in accordance with the law, and here the shareholders exercise their rights in the company.

The Management Board convenes an annual Shareholders' Assembly no later than three months after the compilation of the annual accounts, financial statements and other reports on the company's operations in the previous business year, and no later than 6 months from the end of the calendar year or 14 months from the last annual assembly. The Shareholders' Assembly is convened by announcing a public call to the shareholders, the materials for the assembly are published from the day of the announcement of the public call.

In accordance with the financial calendar of ALKALOID AD Skopje for 2024, the annual Shareholders' Assembly will be held in the first week of April 2024. The public call, as well as the materials for the Shareholders' Assembly will be published on the SEI-NET system of the "Macedonian Stock Exchange" and on the official website of ALKALOID AD Skopje in the section "Investors".

# Supervisory Board

In accordance with the laws in force in Republic of North Macedonia and the Statute of the company, the Supervisory Board performs supervision on the operations of ALKALOID AD - Skopje, since 1998 when it is first established.

The members of the Supervisory Board meet regularly on annual level, in order to review the draft decisions of the Management Board that concern the operations of the company for the current year and to state its view whether the same should be accepted or rejected by the Assembly of shareholders of ALKALOID AD – Skopje.

Members of the Supervisory Board:



**PROF. D-R MIODRAG MICAJKOV**

**President of the Supervisory Board**

Ph.D. in Law Professor and former Dean of the Faculty of Law “Justinian I” at “Sts. Cyril and Methodius University” in Skopje. President of the Board since 1998



**BOJANCHO KRALEVSKI**

**Member of the Supervisory Board**

B.Sc in Chemical Engineering. Member of the Board since 1998.



**LIDIJA SOFREVSKA-ANDONOVA**

**Member of the Supervisory Board**

Master’s degree in Economics from St. Cyril and Methodius University in Skopje. Member of the Board since 2023.

In compliance with the Statute of ALKALOID AD Skopje and the Company Law, at its meetings the Supervisory Board has the authorization to oversee the management of the Company by the Management Board of ALKALOID AD Skopje, as well as to supervise the books and documents of the Company.

ALKALOID's Supervisory Board members do not hold any board position in other companies.

During 2023, the Supervisory Board consisting of President Prof. Miodrag Micajkov, Ph.D. and members Prof. Ilija Djonov, Ph.D. and Bojancho Krlevski, and from 24.06.2023 with a new mandate granted on the annual shareholders assembly the Supervisory Board consisting of president Prof. Miodrag Micajkov, Ph.D., independent member Lidija Sofrevska-Andonova and member Bojancho Krlevski, held twelve (12) meetings and passed twenty seven (27) Decisions.

At its meetings, the Supervisory Board reviewed and discussed all important issues in the frame of its authorizations, in accordance with the Statute of ALKALOID AD Skopje and the Law on Trade Companies.

At its meetings, the Supervisory Board paid special attention to examining the unaudited stand-alone financial statements and the unaudited consolidated financial statements for the previous year and for the periods 01.01-31.03.2023, 01.01-30.06.2023 and 01.01-30.09.2023 discussing all their segments: Income Statement, Balance Sheet, Cash Flow Statement and Statement of Changes in Equity.

To enable the Supervisory Board to make appropriate decisions, the President of the Supervisory Board invited the President of the Management Board and CEO of ALKALOID AD Skopje and the managers of the relevant departments to participate at the meetings where the unaudited stand-alone and consolidated financial statements were examined and to explain the details of all items under review.

Within the scope of his defined competences the President of the Management Board gave additional explanations on the materials reviewed at the meetings. Following the principle of good corporate governance, there were open discussions on all items on the agenda and on all matters important for the Company's business.

Having directly inspected the Financial Statements and having heard the presentations of the President of the Management Board and the heads of the relevant departments of ALKALOID AD Skopje, the Supervisory Board passed decisions to adopt the Company's unaudited stand-alone and consolidated financial statements as well as the unaudited non-consolidated and consolidated income statements.

The Supervisory Board also made regular inspection in the Management Board's management of the Company and examined the non-consolidated and consolidated Annual Report on the Performance of the company in the previous year. It thereby found that the performance of the Company and its management have been successful, which is demonstrated by the Company's positive financial results in the previous year.

In exercising its competences defined in the Company Statute and the Company Law, the Supervisory Board positively assesses the cooperation with the President and the members of the Management Board in building common positions on the fulfilment of the Company's plans for successful development in 2023.

The Supervisory Board inspected the Company's books and documents related to its financial operations, status of the property and securities. When examining these documents it found the Company to be successful and compliant with regulations in this segment as well.

In 2023, the term of the members of the Supervisory Board terminated due to the expiration of their elected tenure. At its meeting on 3 April 2023, the Assembly of Shareholders adopted a resolution to elect new Supervisory Board members with a four-year term commencing on 26 April 2023.

In accordance with the Company Law, the Corporate Governance Code for Companies Listed on the Macedonian Stock Exchange, the Company Statute, and other internal regulations, the Supervisory Board issued a Decision outlining the profile requirements for its members. This profile delineates the minimum qualifications, knowledge, skills, and experience necessary for the effective performance of their duties individually and collectively.

Additionally, Supervisory Board members evaluated a proposal for a candidate by a shareholder owning at least 5% of the company's voting shares. It promptly assessed whether the candidates met the requisite criteria established by law, the company's Statute, and other internal regulations, ensuring alignment with the Supervisory Board's profile. Subsequently, the Board approved the proposed candidates for Supervisory Board membership.

Pursuant to Article 379 paragraph 1 of the Company Law, the Supervisory Board elected Prof. Dr. Miodrag Micajkov as President from among its members.

Under Article 374 paragraph 3 of the Company Law, the Supervisory Board made a Decision to appoint a new member to the Management Board, appointing Olivera Paneva to replace Milkica Gligorova. Paneva's term of office extends from 11 April 2023 until 20 November 2028, corresponding to the tenure of her predecessor.

The Supervisory Board provided prior consent to the CEO's recommendation to the Management Board for the re-appointment of Dimitar Ristovski as Corporate Secretary.

The Supervisory Board also examined the Company's business plan for 2024 consisting of: sales plan, income statement forecasts per function, cost forecasts by type, human resource plan, capital expenses plan, balance sheet forecast and cash flow forecast.

The Supervisory Board considered the business plan to be well prepared, based on realistic expectation and clearly defining the goals of all management levels, thereby ensuring integrated effort in the achievement of the Company's common goals.

The business plan for 2024 is based on the expectations, forecasts about and opportunities in the current and new markets and products that were available to the Company at the time of planning.

In compliance with Article 415-v of the Law Amending the Company Law, the Supervisory Board examined the Semi-Annual Report of the Internal Audit Department, which is an independent organisational unit within the Company. The report presented the department's activities carried out in the period January - June 2023.

The Supervisory Board passed the Semi-Annual Report for 2023, assessing it as well prepared, with its content compliant with the provisions of the Law Amending the Company Law. The report contains description of the conducted performance audits, assessment of the adequacy and efficiency of the internal audit systems as well as findings and proposed measures.

In line with the 2023 Annual Internal Audit Plan the Internal Audit Department submitted to the Supervisory Board quarterly reports for the periods January - March, April - June, July - September and October - December 2023 listing the activities of the Internal audit Department carried out in the respective quarters. The findings the Internal Audit Department identified aim at further improvement of the efficiency in performance. The findings were discussed with the managers of the tested organizational units and were fully accepted.

Having examined the Internal Audit Department's quarterly reports the Supervisory Board passed a decision to adopt them.

In compliance with Article 415-b of the Law Amending the Company Law the Supervisory Board examined the 2024 Annual Work Plan of the Internal Audit Department and passed a decision to approve it.

The Annual Work Plan contains the subject of audit and description of the content of the audits planned for the various areas and schedule of controls in 2024, including their planned durations.

In accordance with Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies, the Supervisory Board received the Annual Report of operations for the previous year from the Internal Audit Department of Alkaloid AD Skopje, an independent organizational unit in the Company. The Annual Report presents the activities of the Internal Audit Department during the previous year, that are executed in accordance to the adopted annual plan for operations of the Internal Audit Department.

The Annual Report of the Internal Audit Department is containing the following information:

- Description of rendered activities;
- Findings/Recommendations for rendered individual revisions;
- Consultancy activities;
- Information on the Internal Audit Department

The Supervisory Board opinion is that the Annual Report of the Internal Audit Department is detailed, qualitative and objective, and gives detailed overview of the executed audits, thus passed a decision for approval of the Annual Report and submitted it to the Assembly of Shareholders of ALKALOID AD Skopje.

The work of the Supervisory Board in the course of the year 2023 was within the frame of the competences determined by the Law on Trade Companies, the Corporate Governance Code for companies listed on the Macedonian Stock Exchange and the Statute of Alkaloid AD Skopje.



## Internal audit

The Internal Audit department is separate and independent part of the organizational structure of Alkaloid AD Skopje and is organized under/reports directly to the Supervisory Board of Alkaloid AD Skopje. All of the internal audit activities are in compliance with The Company Law as well as the Internal audit charter and procedure.

Internal Audit helps Alkaloid AD Skopje to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes. Its primary goal is to increase and protect Alkaloid's value by providing objective(risk-based) and confidential audit, consulting and analytical services.

The Internal Audit department aims to add value to Alkaloid AD Skopje and to be recognized as one of the bearers of the company's corporate culture and values, as well as trusted advisor and partner to stakeholders (Supervisory Board, Board of Directors, Senior management, shareholders).

The department consist of professionals, who are properly trained and certified to perform audit activities and regularly fulfill the requirements for continuous professional development.

All of the activities are performed in accordance with the Internal Audit Strategic and Annual Plans, which are prepared based on the most significant risks, and approved by the Supervisory Board of Alkaloid AD Skopje.

During 2023, the Internal Audit department has written and submitted special detailed reports, quarter audit reports (submitted to the CEO and Supervisory Board) as well as annual and semi-annual reports that are subject to approval by the Management Board and Supervisory Board of Alkaloid AD Skopje.

In line with the 2023 Annual plan, 20 audit and consulting engagements were conducted, in the following areas: manufacturing, sales, cash and cash equivalent, loans, corporate governance, key performance indicators, ESG reporting etc. In addition to these areas, engagements for internal audit were carried out in Alkaloid's subsidiaries abroad through direct visits. Identified findings and recommendations from all of the performed activities were presented in special detailed reports.

The head of the Internal Audit department has regular communication with the Supervisory Board and participates in all its meetings where the information's related to the internal audit work is reviewed.

## External audit

The independent external auditor is appointed by the Shareholders' Assembly. The company examines in detail all issues related to the external audit, especially the criteria for determining and maintaining the independence and objectivity of the external auditor, the selection procedure and the selection criteria, the work plan, frequency and manner of reporting from external auditor as well as other issues of interest for the engagement and activities of the external auditor.

The certified auditor may not perform other services for the company that may pose a threat to its objectivity and independence while auditing, as well as at least for the previous two years.

If other employees of the auditing company where the certified auditor is employed perform other work for the company and its related parties which is not an audit, the company must provide systems in place to preserve the auditor's independence and objectivity.

The company is obliged to have an audit opinion on the financial statements no later than one month before the Shareholders' assembly. The certified auditor is appointed by the Shareholders' Assembly before the end of the business year for which the audit is performed. The Management Board is obliged to provide the certified auditor with insight into the entire documentation. The certified auditor of financial statements submits an auditors' report in accordance with International Standards on Auditing.

The Management Board submits the report on the performed audit, together with the annual account, the financial statement and the draft-decision for distribution of the profit to the Supervisory Board for their review.

The Supervisory Board is obliged to review the annual accounts, financial statements and the draft decision on profit distribution. At the request of the Supervisory Board, the certified auditor is obliged to attend the meeting of the Supervisory Board.

The Assembly of ALKALOID AD Skopje at its session held on 3.4.2023 appointed the audit firm PricewaterhouseCoopers DOO - Skopje (PWC) as authorized auditor to audit the 2023 annual account and the financial statements of ALKALOID AD Skopje.

# Management Board

**T**he Management Board has ample authorizations in the management of the Company, i.e. the implementation of the ongoing activities of the Company. It acts on behalf of the Company and within the scope of the subject matter at hand.

In compliance with the Law on Trade Companies and the Statute of the Company, the Management Board manages the company's overall operations at its own responsibility.

Members of the Management Board are:



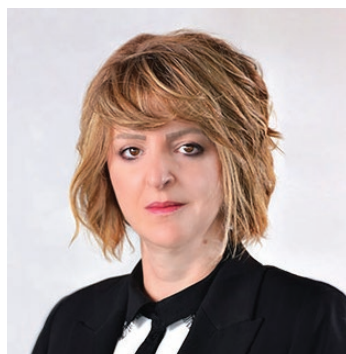
**ZHIVKO MUKAETOV**  
President of the Management Board  
and Chief Executive Officer of  
Alkaloid AD Skopje

Holds a B.Sc. degree in Mechanical Engineering and a postgraduate degree from the Chartered Institute of Marketing in London, UK. Member of the Management Board since 2004; appointed for President of the Management Board in 2007. Responsible for the overall operations of Alkaloid Group.



**VIKTOR STOJCHEVSKI**  
Member of the Management Board  
and Chief Financial Officer  
of the Company

Holds a B. Sc. Degree in Economics. Member of the Board since January 2013. Responsible for the financial operations of the Company.



**OLIVERA PANEVA**

**Member of the Management Board, responsible for quality assurance and Alkaloid's corporate integrated management system**

Doctor of Medicine with postgraduate studies in pharmacovigilance from the University of Hertfordshire in Hatfield, UK. Member of the Board since April 2023. Responsible for quality assurance and Alkaloid's corporate integrated management system.



**GJORGI JOVANOVIĆ**

**Member of the Management Board and Director of Shareholding Operations and Propriety Issues of the Company.**

Holds a B.Sc. degree in Economics. Member of the Board since 2006. Responsible for the operations in the shareholding and property segment.



**KIRE ICEV**

**Member of the Management Board, Director of the General Services Department of Alkaloid AD Skopje**

B. Sc. in Mechanical Engineering. Member of the Board since 2007. Responsible for the overall operations of the general services department.

During 2023 year, the Management Board performed its activities within the framework of its competences and in compliance with the Law on Trade Companies and the Statute of the Company; passing decisions concerning the business policy and managing the overall operations of the Company.

ALKALOID's Management Board members do not hold any board position in other companies.

The Management Board held its sessions on regular basis and in the course of 2023, completed 29 sessions on which 150 important decisions/conclusions were passed.

Within the Report on the performance of the Management Board of Alkaloid AD Skopje in 2023, are stated more important decisions adopted by the Management Board, including:

- Decision for making an inventory listings and establishment of commissions for making inventory listings of the fixed assets and the sources of assets, as well as adopting the compiled report on inventory listings of Alkaloid AD Skopje;
- Decision on submitting draft Annual Statement of Accounts (Balance sheet) and the Draft Annual Report on the operations of the Company (Stand-alone and Consolidated);
- Decisions to approve the Balance sheets of the companies founded by ALKALOID AD Skopje for the previous year.

On its meetings, the Management Board was conducting monthly reviews of the Income Statements of ALKALOID AD Skopje done by cost centre and the Report on the current operations of ALKALOID KONS DOOEL Skopje.

Upon MB President's invitation, the sessions were attended by executives from the Department of production planning Pharmaceuticals and ALKALOID KONS DOOEL Skopje.

The Management Board passed decisions/conclusion concerning specific tasks for the managers of the profit centers of Alkaloid AD Skopje and the manager of ALKALOID KONS

DOOEL Skopje directed towards engagement of maximum efforts for fulfillment of the set objectives, intensification of settlement of outstanding debts, control of stocks as well as reduction of costs.

Pursuant to the Law on Trade Companies, the Management Board reviewed and discussed the unaudited stand-alone unconsolidated and unaudited consolidated Financial Reports for the previous year, as well as those pertaining to the periods: 1 January to 31 March 2023; 1 January to 30 June 2023, 1 January to 30 September 2023 thus assessed that the Company effectuated positive financial results.

Pursuant to the Law on Trade Companies and the Statute of Alkaloid AD Skopje, the Management Board, within the frames of its competences passed decision-proposals in accordance with the proposed agenda for the Annual Shareholders Assembly held on 3 April 2023.

Aiming to enhance the efficiency and functionality of the company's operations, the Management Board passed decisions to amend the Internal Organization Act and the Rulebook on job systematization. Furthermore, it amended the Analytical Job Assessment, aligning it with the approved Decision to increase the points allocation for certain positions.

Additionally, the Management Board approved the following decisions:

- Payment of an annual leave allowance
- Increase in the net value of the point, effective from the June 2023 salary
- Payment of a one-time annual loyalty bonus to employees for the year 2022
- Payment of New Year's allowance

In 2023, the Management Board also enacted the following significant company policies:

- Code of supplier conduct of ALKALOID AD Skopje
- Rulebook for workers' occupational safety and health representatives of ALKALOID AD Skopje

- 2024 ESG strategy of ALKALOID AD Skopje

Furthermore, in accordance with the provisions of the Code of Corporate Governance, the Management Board passed a Decision to re-appoint Corporate Secretary Dimitar Ristovski following the receipt of prior consent from the Supervisory Board.

The Management Board passed a decision for approval of the Fundamentals of the Business Plan of Alkaloid AD Skopje for 2024.

The Management Board passed a decision for approval of the Business Plan of the company for 2024 and give directions for its implementation.

The Business plan for 2024 is consisted of: sales plan, income statement forecasts per function, cost forecasts by type, human resource plan, capital expenses plan, balance sheet forecast and cash flow forecast.

The Management Board assessed that the Business plan is based on realistic expectations and compiled thoroughly encompassing the capacities and risk management policies on the existing and potentially new markets and new products, rules for risk management and increase of efficiency of internal resources. The Business plan for 2022 is based on the expectations, projections and possibilities for the present and future markets and products, available to the company in the moment of the adoption of the Business Plan, on the risk management policy and efficiency in allocating own resources. The Management Board also passed the Financial Calendar of Alkaloid AD Skopje for year 2024.

Pursuant to Article 375, Section 3 and Article 366, Section 3 of the Law on Trade companies, the Management Board passed a decision for assigning operation managers with special authorizations and responsibilities at the company during 2024.

The Management Board, within the scope of its powers, passed a decision to limit the establishment of a company with responsibility ALKALOID SEE DOO in Belgrade, Serbia, where the sole partner of the limited liability company is ALKALOID AD Skopje

The Management Board passed Decisions for approval of the financial report of the Foundation "Trajche Mukaetov" - Skopje for year 2023 and approved the work program of this Foundation for the year 2024.

The Program states the amount, method, terms and procedures for utilizing the Foundation's funds aimed at providing scholarships and donations and financing talented students, researchers and scientific projects in the fields of medicine and pharmacy.

In accordance with the Corporate Governance Code for companies listed on the Macedonian Stock Exchange, the Management Board adopted the Environment, Social, and Governance (ESG) Report for the previous year.

Also, the Management Board adopted the Program for operations for 2024 of the Chess Club "ALKALOID" and the Handball Clubs "ALKALOID" and "MULTI ESSENSE" Skopje.

Regarding the operations of the companies abroad founded by ALKALOID AD Skopje, the Management Board adopted decisions for continuation of the mandates of the directors at the subsidiaries abroad founded by ALKALOID AD Skopje.

In accordance with Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies, the Management Board received the Annual Report of operations for the previous year from the Internal Audit Department of Alkaloid AD, an independent organizational unit in the company. The Annual Report presents the activities of the Internal Audit Department performed during the previous year, in accordance with the adopted annual work plan of the Internal Audit Department.

The Annual Report of the Internal Audit Department contains the following information:

- Description of rendered activities;
- Findings/Recommendations for rendered individual revisions;
- Consulting activities;
- Information on the Internal Audit Department.

The Management Board thus passed a decision for approval of the work for the previous year of the independent organizational unit, the Internal Audit Department.

In accordance with Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies, the Management Board received the Semi-Annual Report of operations from the Internal Audit Department of Alkaloid AD, in which are presented the activities of the department for the period January – June 2023.

After the evaluation of the Semi-Annual Report, the Management Board passed the decision for adoption of the Semi-Annual Report, with comment that the report is prepared in very qualitative manner, completely in accordance with the Law on Additions and Amendments to the Law on Trade Companies, in which are described the list of the internal audits of the work of the company, evaluation of the efficiency of the internal audit department, as well as findings and proposed actions by the department.

1. ALKALOID AD Skopje, as a founder and the sole cofounder of ALKALOID KONS DOOEL Skopje carries out the responsibilities of the following corporate bodies:

- Management Board of the founder, as an Assembly of Company's Cofounders;
- Controller, as a supervisory body of the Company.

The Assembly of Cofounders of ALKALOID KONS DOOEL Skopje, during 2023, held 10 (ten) meetings and passed 24 (twenty four) decisions.

In accordance with the Law on trade companies and the Statute of ALKALOID KONS DOOEL Skopje, several more important decisions were passed, among which are the following:

- Decision for inventory count, inventory count commission and sources of inventory listing;
- Decision for approval of the compiled report on inventory listings and sources of inventory listing;
- Decision for approval of the balance sheet, the annual report of the company and the unaudited stand-alone financial reports of the company;
- Decision for allocation of profit;
- Decision for approval of the Audit Report of the Financial Reports for the previous year issued by the independent auditor Deloitte LTD Skopje;
- Decision to amend Analytical Job Assessment in ALKALOID KONS DOOEL Skopje;
- Decision on the re-election of the Controller, of ALKALOID KONS DOOEL Skopje
- Decision on the re-election of the director of ALKALOID KONS DOOEL Skopje
- Decision for payment of vacation leave regress;
- Decision for appointment of the managerial persons;
- Decision on increase of the net value of the point starting with the salary for the month of June 2023;
- Payment of one-time annual compensation for loyal employees of ALKALOID KONS DOOEL Skopje
- Payment of New Year's allowance.

2. ALKALOID AD Skopje, as founder and sole cofounder of Bilna Apteka Alkaloid Ltd. Skopje carries out the responsibilities of the bodies of the company, as follows:

- Management Board of the founder, as well as, as an Assembly of Company's Cofounders.

The Assembly of the shareholders of Bilna Apteka Alkaloid Ltd. Skopje held 7 (seven) meetings and passed 7 (seven) decisions.

In accordance with the Law on trade companies and the Statute of Bilna Apteka Alkaloid Ltd. Skopje, several more important decisions were passed, among which are the following:

- Decision for inventory count and inventory count commission;
- Decision for approval of the Annual account of the company;
- Decision for allocation of profit;
- Decision for payment of vacation leave regress;
- Decision on increase of the net value of the point starting with the salary for the month of June 2023;
- Payment of one-time annual compensation for loyal employees of Bilna Apteka Alkaloid Ltd. Skopje
- Payment of New Year's allowance.

At the same time, in 2023 the Management Board operated within the competencies established in the Company Law, the Company Statute and internal acts.



# Risk management and business continuity

## Risk Management

The risk management process proceeded smoothly in 2023 at various levels within the company:

- Employees and heads of organizational units consistently monitored existing and newly identified risks, implementing measures to minimize and ultimately eliminate them.
- The risk team continued its vigilant monitoring of risks and conducted thorough analyses of the potential impacts of their occurrence.
- The risk committee meticulously oversaw strategic risks that could impede the company's established goals while examining those risks that present opportunities for advancement.

More specific activities undertaken in 2023 include:

- Conducting regular reassessments of risks categorized as strategic, operational/process, quality, and specific risks. The results of these reassessments were presented to management and the risk committee.
- Holding the scheduled meetings of the Risk Management and Business Continuity Team.
- Conducting a detailed GAP analysis to identify necessary changes to documents relevant to risk management.

## Results of the Risk Management Process in 2023

Strategic risks underwent a regular annual review at the company level. After implementing measures and plans, 30% of these risks were transitioned to the operational level.

After reassessing the operational/process risks and specific quality risks, 173 risk reports were received. 1771 operational/process risks were reviewed, with 192 new risks identified. Additionally, 73, or 28% of the total medium operational/process risks, were downgraded from medium to low priority at the company level.

## Compliance with the requirements of the updated version of ICH Q9

The updated version of ICH Q9 Quality Risk Management, which took effect on 26.07.2023, triggered a comprehensive GAP analysis to ensure that relevant GMP documents and processes were in line with the revised guidelines of ICH Q9.

The following documents were amended:

- Risk management policy QPOL000003/2
- Risk Management Procedure QGP000076
- Standard Operating Procedure (SOP) for Quality Risk Management SOP002483
- A guide on the amendments of ICH Q9

## Business continuity

ALKALOID's integrated quality system includes business continuity procedures and plans that address many areas, including IT security, pharmacovigilance, partnerships, responses to the COVID-19 pandemic, natural disasters, and other relevant aspects.

In 2023, the company set and accomplished the following objectives and initiatives regarding business continuity:

1. Business Risk and Opportunity Identification
  - Identified 34 strategic risks that could potentially affect operational continuity.
2. Operations
  - Conducted a Business Impact Analysis and formulated a Business Continuity Plan for critical strategic products.
3. Implemented ISO 22301 standards for the Business Continuity Management System.
  - Established procedures for Business Continuity, SOPs for Business Impact Analysis (BIA) preparation, SOP for Business Strategy preparation, SOP for Business Continuity Plan preparation, and related documentation.

The commitment of management and employees to effective risk management and business continuity provides a competitive edge and fosters trust among stakeholders and society.

Please read more in the ESG report of  
Alkaloid AD Skopje



# 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

By promoting the company's core values, the Code of Ethics and Professional Conduct is a normative framework that empowers employees and managers to autonomously make ethical decisions in their daily work tasks, responsibilities, and authority.

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.

## Review of Procedures for Violation of the Code of Ethics and Professional Conduct

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 principles outlined in the Code of Ethics and Professional Conduct.

## Anti-corruption policy

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 serve as the foundation for our interactions with the state structure and society at large.

## 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. We prioritize training our employees in the correct application of the Code of Interaction with Healthcare Professionals and Ethical Promotion to ensure full compliance with its principles. Our medical representatives fully adhere to these principles and to all legislative, regulatory requirements, and industry standards while leveraging opportunities for business growth and collaboration with reputable partners.

# 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.

Please read more in the ESG report of Alkaloid AD Skopje



# Portfolio & Legal IP

## Global Medical & Safety

### Pharmaceuticals

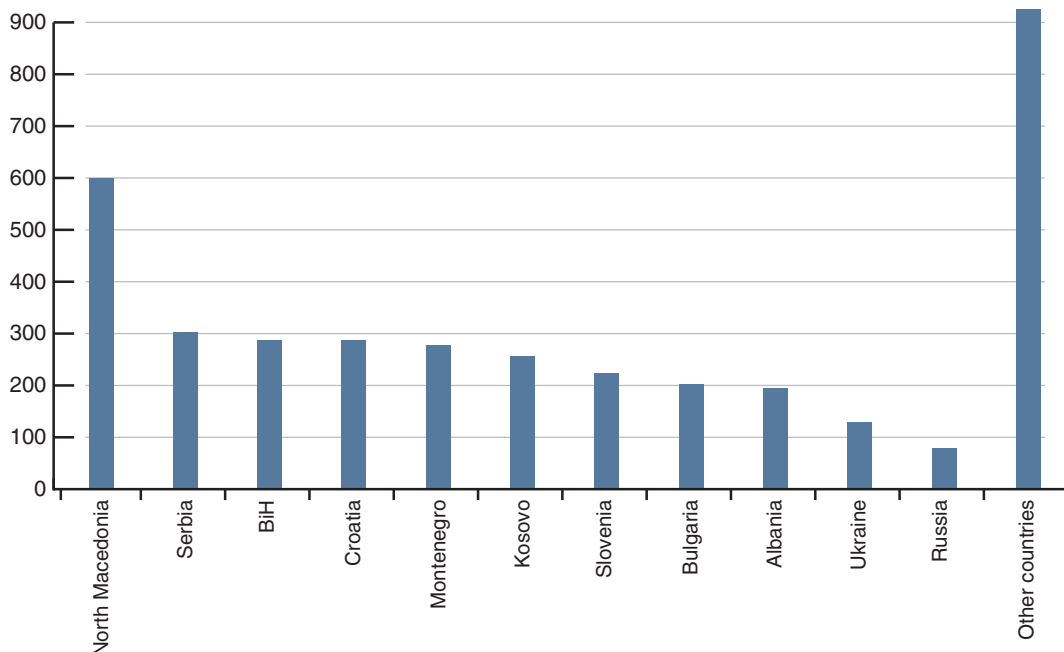
Intellectual property (IP) rights are important and valuable business asset. In the age of constant changes and innovations, IP represents central element that ensures security, stimulates innovation, promotes progress and expansion of the business.

Strong IP rights help consumers make an educated and safe choice about the safety, reliability, and effectiveness of their purchases. On the other hand, enforced IP rights ensure products are authentic, and of the high-quality that consumers recognize and expect. In brief, IP rights foster the confidence and ease of mind that consumers demand and markets rely on.

Knowing this, we are dedicated in to building strong and recognizable brands, through which we can guarantee the standard and quality of our products that consumers can easily identify. This way we are safeguarding the reputation of the company and protecting the sustainability of our growth and development.

ALKALOID's impressive trademark portfolio counts around 3.700 trademarks registered or filed in more than 100 countries, covering more than 10 classes of goods and services. Our strategy is to protect trademarks for all products and/or services of interest, in the countries where they are commercialized.

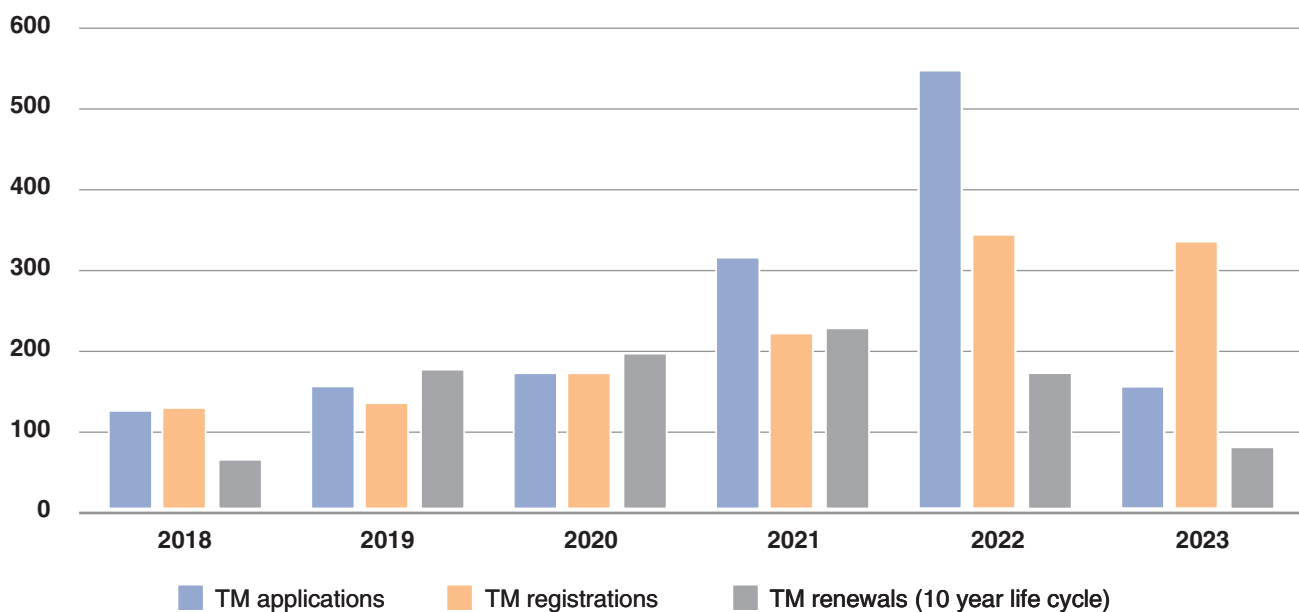
PORTFOLIO OVERVIEW BY COUNTRY



Following the initiated protection of the company logo in honor of the 50th anniversary, in 2023 we acquired the protection of the company logo as a trademark in New Zealand, the European Union, Singapore, Colombia, Senegal, Monaco, Madagascar and Israel.

In the previous years we can notice a constant portfolio growth, with increased activities for clearance searches and risk assessment for new names, preparations of new trademark fillings in different jurisdictions and continually maintaining and protecting the existing IP rights.

**Managing TMs portfolio**



In 2023, we registered the first trademark in the territory of the United Arab Emirates, which expands the portfolio of ALKALOID trademarks in several new territories.

Last year, we registered 9 new trademarks before the Intellectual Property Office of the European Union (a centralized office whose protection covers the territories of all member states of the European Union), making ALKALOID one of the first Macedonian companies to hold multiple EUTM rights.

To mark the 45th anniversary of the Becutan brand, in 2023 we initiated the extension of trademark protection to nearly 15 new countries including Australia, the United States of America, the United Kingdom, China and Egypt. The goal of this expansion is to obtain a globally recognized brand that will guarantee the safety and quality of products on several continents.



Our, “umbrella brand’s have a significant place in our portfolio and we take a very thoughtful approach in their maintenance and protection, as well as planning the future markets and products they would cover (in the table part of the bigger brands):

Umbrella brand	No. of countries	No. of trademarks
ALKALOID – Company brand	108	330
BECUTAN	50	600
BECUTAN KIDS VITS	34	57
CAFFETIN	26	143
GATTART & Gastro Guard	38	58
BlokMAX	14	41
Multi Essence	35	32
SATTWA	9	31
GOOD NATURE	11	58
Medical	1	6
GLOSS	2	63
Young Derm	7	16
BLACK UP	7	24



Keeping up with ALKALOID's support of Macedonian sport through founding the handball clubs ALKALOID and MULTI ESSENCE, we acquired protection of the logos that these teams wear proudly.

As part of our commitment to intellectual property rights compliance and the responsible use of intellectual creations, last year the Portfolio & Legal IP department strengthened its copyright licensing strategy.

This initiative aligns with our broader corporate responsibility goals and reflects our commitment to ethical business practices.

Managing the trademarks, industrial designs and copyrights portfolio is our priority, so our main focus is to ensure that we have the best people, the best tools and the best strategy for managing, maintaining and protecting our portfolio. This includes educating people, staying up to date with the latest legal technology and AI, exploring the best strategy, etc.

As a primary software solution, the Portfolio & Legal IP department uses the software for managing IP – Patricia, a product of Patrix IP helpware and constantly upgrades it in order to improve all processes and activities related to IP.

We continue using the CompuMark platform, as a software tool for detailed TM data, to determine the potential risk of existing brands and trademarks, as well as to quickly determine the degree of risk for new trademark applications, enabling faster launch of new products.

We are well aware that the value of a brand portfolio includes consumer trust and loyalty, brand image and reputation. Therefore, we continue implementing the brand protection strategy through the TM Watch - continuous tracking of potential infringement, which enables timely actions to be taken to protect our brands, thereby increasing their value.

We continue on focusing to keep up with the market trends and developing our IP strategy to best align with the business growth.

# Shareholding

The shares of ALKALOID Skopje are listed on the official market of the Macedonian Stock Exchange since 2002.

MARKET SEGMENT:	STOCK EXCHANGE LISTING - ORDINARY SHARES
ISIN	MKALKA101011
Securities Code	ALK

The nominal capital of Alkaloid AD Skopje amounts to 1,431,353 shares with a par value of EUR 25.56 per share, or a total sum of EUR 36,585,382.68. As at 31.12.2023, Alkaloid had more than 5,487 shareholders holding ordinary shares. All shares are freely transferable. All individuals registered in the Shareholders Registry, which is in compliance with the existing legislation and is kept with the Central Depository for Securities of the Republic of North Macedonia – are considered shareholders. All shareholders enjoy equal status and have the right to vote at the Company's Shareholding Assembly with one vote per each ordinary share, and they also have the right to a dividend.

99.7 % (1,428,125) of the shares are ordinary shares of which 59 shares are reserved for former proprietors, while 0.23 % 3,228 are preference shares also reserved for former proprietors and proprietors who need to prove their ownership right for estate now belonging to ALKALOID AD Skopje.

Ordinary shares give owners the right to:

1. vote in the Shareholders Assembly;
2. payment of part of the profit (dividend);
3. payment of a part of the rest of the liquidation, ie the bankruptcy estate of the company.

According to the records of the Macedonian Stock Exchange, the shares of Alkaloid in the course of 2023 were amongst the most traded and most liquid ones. There were 2,106 transactions made 28,864 shares were traded worth a total of 513.5 million denars.

ALKALOID AD Skopje, as one of the leading companies on the Macedonian Stock Exchange, in the regular stock exchange operations participated with 18.67 % of the total turnover recorded on the first official market of the Stock Exchange in 2023. The share price of Alkaloid AD Skopje ranged from MKD 17,199.00 to MKD 18,500.00 with an average of MKD 17,781.93 which is 1.8 % up compared to the average in 2022.

## Dividend

Since 1995, when the company was restructured, Alkaloid AD Skopje has regularly paid dividends to its shareholders on an annual basis.

Net dividend paid per share in the last three years:

	2020		2021		2022
<b>360.00 denars</b>	<b>+11.1 %</b>	<b>396.00 denars</b>	<b>+10.0 %</b>	<b>441.00 denars</b>	<b>+11.4 %</b>



# Integrated management system and quality

## Quality

ALKALOID has implemented a meticulously crafted and effectively executed Integrated Management System (IMS) that adheres to the requirements of cGxP, ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 13485:2016, ISO 22716:2007, FSSC 22000, HACCP, and HALAL.

The primary objective of our IMS is to ensure the continuous manufacturing of products of the highest quality, safety, and efficiency, meeting the demands of our consumers, relevant legislative requirements, and the stipulations of the international standards and guidelines we follow.

Driven by responsibility and dedication to achieving this objective and facilitated by effective leadership and cultivating a quality culture, senior management fosters active participation and proper conduct among all staff members at every company level. Our overarching aim is to enhance the IMS.

Our quality strategy is centered on adherence to good manufacturing principles (cGxP) and regulations governing the quality of our products across the pharmaceuticals, chemicals, cosmetics, and botanicals industries. Guided by the process approach of the PDCA cycle (plan-do-check-act), we continuously strive to improve our products, processes, and services, as well as the IMS itself, ultimately enhancing user satisfaction.

Management conducts annual reviews of the IMS, utilizing key performance indicators (KPIs), quality meetings, and internal checks/self-inspections to identify opportunities for continuous improvement of products, processes, and systems.

The effectiveness and compliance of the IMS are validated through external inspections and assessments conducted by regulatory institutions, certification bodies, notification bodies, and our partners.

In 2023, ALKALOID underwent 18 audits/inspections:

- Successfully completed two inspections for compliance with the Good Manufacturing Practice (GMP) Principles for the Eurasian Union at ALKALOID's PC Pharmaceuticals sites on Blvd. Aleksanadar Makedonski no. 12 and bul. Partizanski Odredi no. 98A, conducted by GILS and NP (Russia). These inspections resulted in the renewal of the GMP Certificates, valid until October 2026.
  - Successfully completed two inspections by MALMED – one for the renewal of the DPP Certificate for the plant for manufacturing active components and the renewal of the license for manufacturing pharmaceutical raw materials.
  - Successfully completed the Kosovo Agency KMA inspection - for renewal of the GMP Certificate.
  - Successfully completed six inspections by Certification Bodies - 3 inspections by Quality Austria and one by the Notification Body DEKRA, Control Union Certification (C.U.C.), Pro-Cert.
- ALKALOID received the Certificate of compliance with the requirements of the ISO 22716 Good Manufacturing Practice standards for cosmetic products for the first time in 2023. The subsidiary Alk&Kos Pharmaceuticals also obtained its first ISO 9001 Quality Compliance Certificate.
- Successfully completed six audits by partners: Novartis, Umsebe, Certipharm, Aflofarm, Terapia, and Lactalis.
  - Successfully completed one inspection by Bluepharma for GMP in the R&D and Clinical Units.

The Quality Assurance corporate function operated regularly in 2023, adhering to corporate QA policies, providing continuous training, and conducting internal checks of the quality systems in ALKALOID's subsidiaries/affiliates. These efforts aimed to further harmonize the integrated management system and quality assurance processes.

# Safety and health at work

Ensuring the well-being of our employees and enhancing working conditions are fundamental sustainable strategic objectives of our company. To realize these objectives, we prioritize the establishment of a safe and healthy workplace for all employees, contractors, and visitors. Our occupational safety and health management system, characterized by applying the highest standards, is integrated into our daily operations and activities.

We consistently invest in enhancing, modernizing, and implementing established global practices aimed at preventing, reducing, and eliminating risks at every workplace.

A responsible and dedicated approach enables stakeholders to attain the desired outcomes. Regardless of their position within the company, all stakeholders actively engage in this approach, collectively contributing to fostering safety awareness and cultivating a culture setting the foundation of a safe and healthy work environment.

Demonstrating our commitment is the received “National Award for the Company with the Best Implemented Occupational Safety and Health System in 2023,” an initiative organized by the OSH Council with the support of the Ministry of Labor and Social Policy.

## Compliance with legislation

The established “Safety and health management system” at work fully adheres to the relevant national legislation and the requirements of implemented standards. The performance results and the attainment of annual goals and key performance indicators for 2023 are outlined in Section IV: Social of the ESG report.

Please read more in the ESG report of Alkaloid AD Skopje



# 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, eco-friendly 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 implements its strategy 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
- Monitoring and implementation of 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

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.

Please read more in the ESG report of  
Alkaloid AD Skopje



# Environmental management system

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



## Legal and Other Requirements

The company maintains a continuous monitoring process for laws and regulations about environmental issues, following the guidelines outlined in the Procedure for legal and other requirements monitoring and compliance - environment and OSH QGP000078/v.v.

Relevant organizational units within the company receive regular updates regarding any changes and the latest requirements of the legal regulations.

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

## Environmental Aspects

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

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

## Monitoring of Environmental Impacts

**Environmental monitoring** involves the systematic measurement, observation, 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, resulting from the company's environmental aspects.

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

**Areas of the environment** 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 (QGP00000081/v.v.) and the SOP for the investigation of incidents with potential environmental impact (SOP002608/v.v.).

To ensure effective response and management, we have developed Plans for addressing environmental aspects during accidents or emergencies (FORM003199/c.v.) and a List of key personnel for responding to and managing environmental aspects (FORM003200/c.v.). The affected organizational units make these documents publicly 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 (QGP00000038/v.v.) and additional waste-related procedures.

The waste manager develops a company-level three-year Waste Management Program (FORM003754/v.v.). This program is approved by the Head of Quality Assurance and submitted to the Ministry of Environment and Physical Planning.

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 Ministry of the Environment.

Please read more in the ESG report of Alkaloid AD Skopje



## 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:

- Log 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 in 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 Collective Processor.

## Obligations Under “A” Integrated Environmental Permits and Environmental Protection Elaborates

The Quality Assurance-Environment team adheres to the prescribed requirements outlined in “A” Integrated Environmental Permits (applicable to PC Pharmacy Avtokomanda, PC Pharmacy 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, specifically the MOEPP, by 31 March, as legislation mandates.

The annual report provides detailed information on the company’s environmental endeavours and initiatives.

## Continuous Improvements and Development Projects

We establish ALKALOID’s environmental strategy, which is aligned with defined goals and environmental Key Performance Indicators (KPIs). Responsible individuals from relevant departments translate environmental objectives into processes. Based on the strategic planning framework and implementation of all units’ environmental key performance indicators (KPIs), we initiate projects to fulfil the set goals involving multidisciplinary teams with stakeholders from different departments.



# Business environment and future development

## Pharmaceuticals

### A world of continuous change

After the significant impact of the COVID-19 crisis in 2020 and 2021, the following 2022 and 2023 brought unexpected challenges and continued to present its own set of difficulties with persistently high inflation. In the last quarter, another major conflict erupted in the Middle East, further heightening uncertainty and bringing a range of potential future scenarios. These global conflicts strained the already tense relations among major powers, inevitably impacting global business. Despite these challenges, as a company operating in over 15 countries and selling products in more than 50 markets worldwide, we have demonstrated capacity to focus our efforts where we excel and deliver positive results amidst crises.

In 2023, our achievement of double-digit sales growth can be attributed to five key factors:

- i. Expansion of our business in major markets, driven by the competitiveness of our local operations.
- ii. Growth of our branded antibiotic business, positioning us as one of the leading manufacturers of cephalosporins in Europe.
- iii. Successful establishment of subsidiaries in new territories, accompanied by the formation of high-performing teams. A notable example is our expansion into Romania in 2023, where sales doubled compared to 2022 when we collaborated with local partners.
- iv. Capacity to expand our portfolio and fill market segments where we were previously absent through licensing agreements. Our commitment to growing the business-to-business segment has solidified our position as a preferred partner for numerous companies worldwide.

- v. Investments in developing generic and value-added products, alongside enhancements to our manufacturing facilities to accommodate increasing production volumes.

All the above activities require people. All our consumers are human, all medical associates are human, and hence, the most essential investment for Alkaloid is the investment in human capital. As before, now, and in the future, we will strive to have the best personnel in the Republic of North Macedonia and the region, to be the employer of choice for the most capable personnel because people make the company.

## Our future development

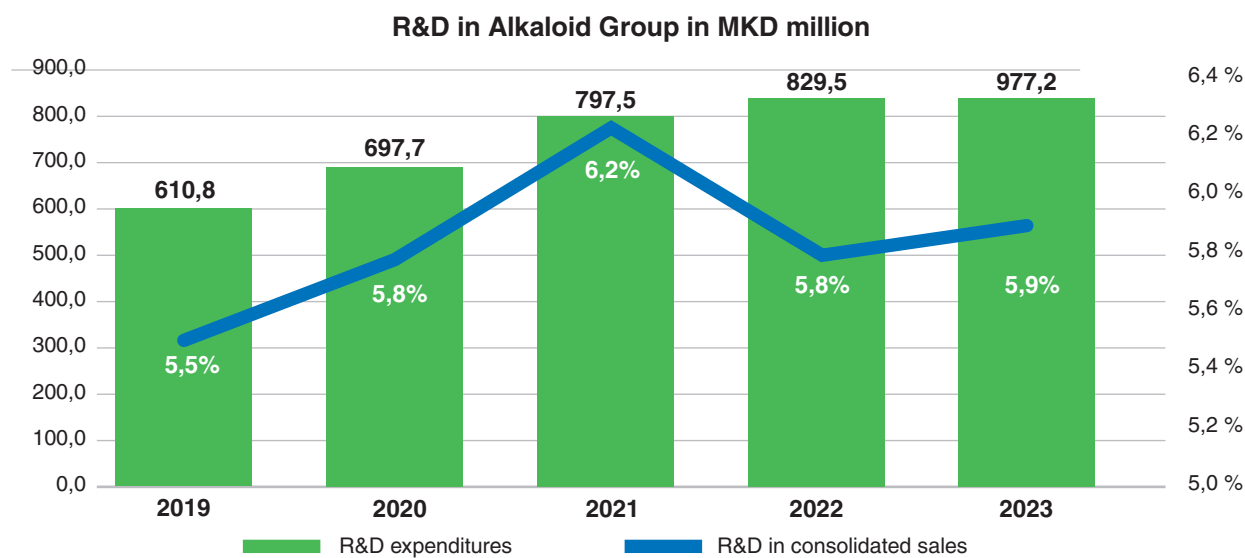
To utilize the company's new manufacturing facilities as quickly as possible and support future business growth, our research and development must maximize the creation of new generic products. We are constantly investing in new knowledge and best practices from top R&D experts and in increasing the technical and process knowledge of our R&D experts. We are continually improving processes, including using the QbD (quality by design) concept for the development of new formulations and the introduction of new software and tools for shorter deadlines during the realization of projects, including the initiative and steps for the introduction of the Process Analytical Technology (PAT) approach.

We are pleased to conclude that the growth of our research and development generic production follows the company's growth over the last five years. Our future five-year (2023-2027) research and development generic manufacturing rate should double compared to the previous five years (2017-2022). These expectations are realistic and based on permanent staff growth and the introduction of new equipment and technology, such as investment in new research equipment and pilot manufacturing equipment.

We have received the first marketing authorization and the first European patent for our first value-added medicine (VAM), which we launched late last year in the United Kingdom. We also develop new value-added products in addition to the usual generic products. In the previous year, we have been actively working on developing pharmaceutical dosage forms that are being introduced for the first time in the Alkaloid's portfolio - bilayer tablets and orodispersible tablets (ODTs).



## Our investment in R&D



# Chemicals, cosmetics and botanicals

In 2023, the trajectory of inflation initiated in 2022 persisted, leading to fluctuating price levels of raw materials, packaging, and other expenses throughout the year.

The Cosmetics unit experienced notable growth, primarily driven by increased production levels in the wet wipes segment. Additionally, nearly all other product lines saw significant sales growth, meeting or exceeding expectations.

Celebrating its 45th anniversary, Becutan, the leading brand in this segment and one of the leaders in the baby care segment in the markets of former Yugoslavia, demonstrated remarkable growth and resilience despite heightened regional and global competition and declining birth rates across all markets.

The Chemicals unit observed a decline in sales compared to 2022, attributed to lower input prices of certain raw materials in 2023 and a lack of orders from traditional export partners.

Stable sales were recorded in the Botanicals unit on the domestic market, mirroring the performance of 2022. However, lower sales on export markets resulted from the reduced orders from traditional partners.

Despite sales declines in the Chemicals and Botanicals units, the increase in sales from the Cosmetics unit helped offset losses. Overall, Alkaloid maintained a stable position, with sales figures in the Chemicals, Cosmetics, and Botanicals divisions remaining consistent with the previous year.

# Supply

2023 started with expectations for the recovery and normalization of the global economy and supply chain following the multi-year pandemic and global crisis.

During this period, energy prices stabilized, delivery times decreased, and purchase prices dropped. This positive trend continued into the beginning of the third quarter.

Throughout the year, we continued to monitor and analyse the situation, including delivery risks and price fluctuations. We responded with measures corresponding to reducing raw material prices, shortening delivery deadlines, and mitigating potential risks.

Thanks to these actions we have taken, the experience of the employees, and the quick adaptation to the changing global conditions in the world markets, the crisis had no impact on our production. The experience we gained during this extremely difficult period was a challenge that we used to improve the production process and skills of each of the employees.

In the third quarter, we observed signals of rising raw material prices attributed to inflation and labour shortages, a trend expected to persist into 2024. This trend led to increased salary costs among our foreign partners, causing a moderate rise in raw material prices.

The department's unwavering commitment to enhancing key performance indicators, fostering inclusivity in implementing the company's ESG strategy, sourcing alternative suppliers, and controlling and managing raw material inventories were notable highlights.

In 2023, across the four plants and their warehouses, there were approximately 17.500 operations for receiving materials of various types and categories, totalling just under 730 million units of incoming products.

Of these, approximately 330 million units were raw materials, 370 million were packaging units, 17 million were finished products, and approximately 4.5 million units were comprised of spare parts, machinery, and other equipment.

## Warehousing Operations

Last year, we made significant efforts in Alkaloid's warehouses to reorganize capacities, enhance operational conditions, and implement global inventory management standards.

Alkaloid currently has slightly over 30.000 pallet spaces across all Skopje locations, with 80% maintained under controlled storage conditions. To respond to the production volumes, we can increase pallet spaces for exports by an additional 10.000 in 2024.

Regarding meeting key performance indicators, our warehouse operations primarily focus on ensuring accurate and timely customer deliveries, achieving a 99,9% accuracy rate. We prioritize flawless maintenance and management of inventories, providing modern and safe working conditions, and continually optimizing capacities and processes by integrating modern techniques and equipment. These efforts align with occupational safety and health standards, the ESG strategy, and international standards requirements in the field.

# Transportation

In 2023, challenges such as rising transportation costs, hints of longer delivery times, delayed deadlines, delivery delays, military crises, blockades, and changes in transport routes necessitated significant investment and commitment to risk optimization. Despite these challenges, thanks to the collective effort of the team and the support of external collaborators, the logistics department successfully intercepted and avoided major negative impacts on ongoing operations.

To address these challenges, a total of 12.778 various vehicles were engaged, with 61% owned by ALKALOID. Only 3% of all involved vehicles operated below their full volume/capacity. Moreover, 97% of all vehicles, whether owned by ALKALOID or intermediaries, were loaded on time, and 94% were unloaded or delivered punctually.

# Maintenance

Apart from the routine tasks involved in the preventive and ongoing maintenance of manufacturing equipment, manufacturing support equipment, infrastructure, and quality assurance of measuring equipment as per the annual global maintenance plan, in 2023, numerous projects were realized to enhance Alkaloid's manufacturing capacities.

Our teams were engaged in selecting and implementing the planned equipment and realization of significant projects in cooperation with foreign partners such as Glatt Maschinen & Apparatebau AG, CH, Gebrüder Lödige, GmbH, DE, GEA Pharma Systems Ltd. UK, Alexanderwerk GmbH, DE, De-Lama Spa, Italy, Romaco Group and many others, gaining meaningful experience.

As part of the company's commitment to safety, environmental protection, and energy resource preservation, a series of specific activities were realized at all company sites.

# Investments

Despite facing numerous challenges in 2023, including volatile raw material prices, a regional decline in industrial production, rising inflation, and increasing interest rates, ALKALOID steadfastly continued and completed its planned investments. This commitment was highlighted when the company was recognised as the leading investor in the Western Balkans over the past five years, an award bestowed by the Western Balkans Six Chamber Investment Forum (WB6CIF).

These significant investments span beyond mere calendar years, often unfolding over extended periods. Moreover, these projects typically occur near existing production facilities, with careful attention to maintaining business continuity, safety, and quality.

The following is a concise summary of the past year's investments, categorized by topic.

## Improvement of technological processes, increase of manufacturing capacities, new manufacturing plants and laboratories

To drive continuous sales growth, ALKALOID embarked on two substantial investment projects scheduled for completion in 2023. The first is the establishment of the new **Solid Forms Manufacturing Plant 2**, a capital investment of great significance. This facility not only diversifies the product range but also multiplies the capacity for producing solid forms. In 2021, we collaborated with an external design house to prepare the project documentation. Construction of 2.100 m<sup>2</sup> of clean rooms, compliant with the highest pharmaceutical production standards, EU regulations, and GMP (Good Manufacturing Practice), commenced in 2022. This facility is progressively being equipped with new machinery. With some of the equipment delivery still pending in Q1 2024, 2023 will see completion of a technological unit with two wet granulation production lines, three mixing and homogenizing lines, two tableting machines, a coating machine, and equipment for washing process vessels and barrels. Additionally, the facility will comprise a fully furnished transitory process control laboratory, storage rooms, and auxiliary spaces, including minor equipment.

Over the past five years, the upgrade and interior development of this new manufacturing and packaging unit for solid pharmaceutical forms have culminated in one of the company's most significant production facilities. This expansion is vital for increasing the company's total sales volume.

Concurrently, the second major project reached fruition—the construction of **a new central wardrobe facility within the Pharmaceuticals Manufacturing division**. This facility provides over 900 wardrobe spaces for this division's employees.

Central wardrobes are the first link in the chain of maintaining GMP (Good Manufacturing Practice) compliance. These facilities, where employees and visitors prepare for entry into the pharmaceutical manufacturing areas, are designed to prevent contamination during movement. Carefully constructed to connect with production departments across various floors in adjacent buildings, these wardrobes minimize the risk of indirect contamination, a cornerstone of pharmaceutical manufacturing standards. Beyond functional necessities, these spaces offer employees areas for rest and breaks. Spanning a basement, ground floor, and four additional floors, each with equipment levels above, the facility aligns with the demands of expanding production capacities.

The ongoing expansion of manufacturing capacities necessitated the enlargement of warehouse facilities. Recently, the Investments team finalized design concepts and selected contractors for a new outsourcing warehouse for finished products. This addition provides an extra 11,000 pallet spaces. Constructed in line with good manufacturing practice guidelines for warehouse operations and pharmaceutical product storage regulations, the warehouse integrates modern, safe solutions and adheres to quality assurance directives.

In 2023 ALKALOID Investments team completed the modernization of existing laboratory facilities in the segment Chemistry, Cosmetics and Botanicals. From 2021 to 2023, the **Institute for Quality Control and Development - PC Chemistry underwent a comprehensive overhaul**, receiving new equipment and establishing **a new Microbiological Laboratory for the CCB division**. The renovation, covering approximately 1000 m<sup>2</sup>, included thermomechanical and electrical upgrades and new laboratory furniture and equipment. This investment significantly enhances the operations of the Chemicals, Cosmetics, and Botanicals division.

Last year, the pharmaceutical raw materials manufacturing facility, established in 1984, underwent internal reorganization and renovation, including a new laboratory for Process Control and Technological Development. This lab now hosts quality control of raw materials and products and new product and process development and modernization activities.

Additionally, the **Cosmetics Manufacturing Facility**, saw several upgrades to meet GMP requirements and obtain the ISO 22716 Certificate for Good Manufacturing Practice in the cosmetics industry. This achievement underscores the company's dedication to ensuring the quality and safety of our cosmetic products and wet wipes.

The new **Stability Laboratory**, part of the Quality Control laboratory, has also been completed.

Besides these major projects, 2023 witnessed numerous small-scale interventions to create new production and work spaces and enhance existing working conditions.

## Investments in Employee Satisfaction – Upholding the “People Above All” Principle

At ALKALOID, prioritizing human capital and employee satisfaction is paramount. This commitment has led to several investments in this area, reflecting our “People Above All” philosophy.

The company recognizes that collective success extends beyond business achievements and includes quality leisure time for our employees. At the Avtokomanda site, we created a new 150 m<sup>2</sup> rest and break space, providing a comfortable and inviting atmosphere for employees to enjoy their breaks. In 2023, this focus extended to the **Cosmetics Manufacturing facility**, where we developed suitable spaces for dining and relaxation during breaks.

Furthering our commitment, the restaurant at the Avtokomanda site underwent significant renovations in 2023. The guest restaurant was completely redesigned and refurbished, with particular attention to air conditioning and ventilation, ensuring a welcoming environment for staff and external visitors.

Efforts to enhance working conditions extend beyond production areas to include renovations and modernization of office spaces, work areas, and meeting rooms.

As our workforce grows, along with their living standards and health-conscious lifestyles, so does the need for new parking slots for cars, bicycles, and scooters. In 2023, the employee parking area at the Gjorche Petrov site was enlarged, organized, and paved.

These initiatives underscore ALKALOID’s ongoing dedication to ensuring safe and fulfilling working conditions, genuinely embodying our “People Above All” motto in every aspect of our operations.



## Environment, Energy, and Energy Efficiency

### **ALKALOID's investment focus increasingly aligns with the goals of the ESG strategy.**

One of the company's highest priorities is environmental protection and public awareness raising. In 2023, we paid particular attention to investing in **water resource management**.

At the Autokomanda site, we constructed a new, state-of-the-art **water treatment plant for the Pharmaceuticals Quality Control facility**. Designed for efficient industrial wastewater treatment, this facility includes comprehensive purified water monitoring.

At the Gyorche Petrov site, we started installing instruments for continuous wastewater monitoring. This system will guide future environmental actions. Given the project's scale, the diversity of industries involved, and the site's size, this initiative will continue over the coming years.

To optimize drinking water usage, we are advancing the use of well water for technological purposes. At two facilities, we've installed systems for the continuous pre-treatment of well water, which is then utilized for technical purposes. In compliance with the permit for well water use, this approach utilizes the resource and conserves city water by returning the treated water to the soil.

In 2023, ALKALOID AD Skopje continued its commitment to energy efficiency, a key element in all processes, projects, products, and capacities. Building on our 2022 investments, we expanded our production of "green energy" through the continued installation of photovoltaic panels. Following the 2022 installation of 2.697 panels, each with a power of 460 Wp across 12 facilities in Gyorche Petrov and Avtokomanda, we completed three new photovoltaic power plants in 2023. These plants, with a total capacity of 323 kWp, are expected to produce about 2.000 MWh annually, potentially saving 1.200 tons of CO2 emissions.

Investing in new production facilities, modernizing equipment, developing quality projects, and focusing on environmental care and energy efficiency remains at the forefront of ALKALOID's future strategy.

Staying abreast of industry trends, we continue to produce affordable, high-quality, efficient, and safe products, bearing the ALKALOID trademark as a symbol of quality and reliability. This approach is deeply embedded in our corporate policy. **Since 2017, ALKALOID has followed a meticulously designed twenty-year investment plan executed annually with unwavering enthusiasm and commitment.**

# Human resources (HR)

Our unwavering dedication to nurturing and retaining talented employees has been crucial in advancing our strategic goals, as it is each year.

We welcomed 230 new members to the Alkaloid AD family in 2023, reflecting the company's ongoing expansion. We streamlined the integration of these employees through a newly implemented orientation procedure for new hires. Additionally, we introduced the Code of Ethics and Professional Conduct across all our subsidiaries and representative offices.

Our programs for young talents, specifically the dual education and internship initiatives, have produced outstanding outcomes. Notably, 20% of our new hires originated from these programs. A record-breaking 29 interns joined us through the Internship Program, and 16 were students of the inaugural partially dual class. In 2023, we hosted 53 interns in our summer internship program and launched the largest partially dual class to date, with 27 students. The Young Talents Program engaged 447 students in company's development activities, fostering their integration into practical, real-world tasks within the firm. These initiatives have not only strengthened our collaboration with educational institutions but also contributed significantly to enhancing the professionalism of the workforce in the pharmaceutical sector.

We included more employees in the talent management system, increasing the number of employees from participating departments who set goals. We also digitized part of the 180/360 evaluation process. In 2023, Alkaloid DOO Belgrade underwent this process for the second time.

The Human Resources Department conducted two employee satisfaction surveys, one in Alkaloid Skopje and the other in Alkaloid Sarajevo. Both locations experienced these surveys for the second time.

As part of our commitment to employee care, the project for benefits for children of our employees continued. We ended 2023 with 664 completed registrations.

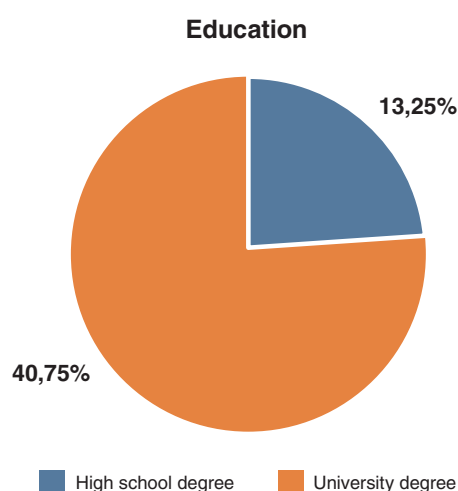
To attract top talent, our HR department played a pivotal role in designing monthly marketing releases. We also participated in three career fairs, strategically promoting the Alkaloid brand as an employer of choice.

## Employee Training and Development

We conducted numerous internal and external trainings in 2023 to enhance our employees' knowledge, skills, and competencies. Each employee, on average, underwent 119,36 hours of training, with the average training cost per employee amounting to MKD 9.167,89. For our newly hired colleagues, we continued to organize training in line with the mentoring and development programs, tailoring them to current company needs.

## Young Talents Program – Internships 2023

In 2023, we **selected fifty-three interns**, 13 with secondary and 40 with higher education.



In 2023, the Alkaloid Internship Program included the following educational institutions:

- Faculty of Pharmacy, UKIM
- Institute of Chemistry at PMF, UKIM
- Institute of Biology at PMF, UKIM
- Faculty of Technology and Metallurgy, UKIM
- Faculty of Medicine, UKIM
- FEIT, UKIM – KSIAR
- Faculty of Mechanical Engineering, UKIM
- Faculty of Medical Sciences, UGD – Pharmacy
- High School “Dr. Panche Karagjozov”
- High School “Maria Curie Sklodovska”
- High School “Vlado Tasevski”

## Partially dual education

The Partially Dual Education Project facilitates hands-on learning experiences for 71 talented and ambitious students from the *Dr. Panche Karagjov* 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 partially dual education program (2021/2022), 22 students successfully completed their education, with 16 (72,7%) 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.

## Development Activities in Cooperation with Educational Institutions

Through the Young Talents Program in 2023, we bolstered our cooperation with educational institutions, mainly focusing on the Faculty of Pharmacy. Students from the Institute of Chemistry at PMF and the Faculty of Technology and Metallurgy also participated in various activities. A total of 447 students engaged in development activities organized by Alkaloid. These included:

- Training in Alkaloid's Training Laboratory for 159 students
- Visits to plants and laboratories, along with practical activities, for 207 students
- Theoretical lectures complemented by practical exercises and examples for 81 students

## Sports, Health and Wellbeing

In the Skopje Marathon, 552 employees from Alkaloid participated, with 498 runners competing in the 5 km race, 52 in the half-marathon, and 2 in the marathon.

Among the participants, the women's team achieved an impressive fifth place out of 187 teams in the 5 km race, while the men's team secured the 20th position out of 180.

In the half-marathon, the women's team finished 20th, while the men's team secured the 18th position.

Moreover, Alkaloid was honoured with the trophy for having the largest team at the marathon this year.

## Care for employees

As a socially responsible company, Alkaloid strives to introduce operations and employee care innovations. To reinvigorate fundamental company values, this year, the New Employee Welcome Package includes a New Employee Manual, a Code of Ethics and Professional Conduct, branded products like a mini notepad, pen, USB drive, ID-card necklace, keychain, and a coffee/tea mug. The Employee Benefits for Children Project also continues. Employees receive monthly financial support of MKD 1.150 per child for additional education in languages, computer courses, sports, and science and culture activities throughout the school year.

The positive employee feedback and the high number of completed applications show the success of this initiative and Alkaloid's commitment to employee and future generations' development and education.

In March of 2023, the company paid MKD 36.500 as annual leave benefits to its employees and continued voluntary private health insurance.

Later, in December 2023, the Management Board also approved the payment of MKD 34,000 net as a New Year and Christmas holiday bonus.

## Recruitment and Selection

In the year under review, the recruitment and selection process underwent a total digital transformation with the successful implementation of new software. This transformation encompassed every aspect, from annual personnel planning to meeting employment needs, utilizing a new internet job application accessible via Alkaloid's corporate website.

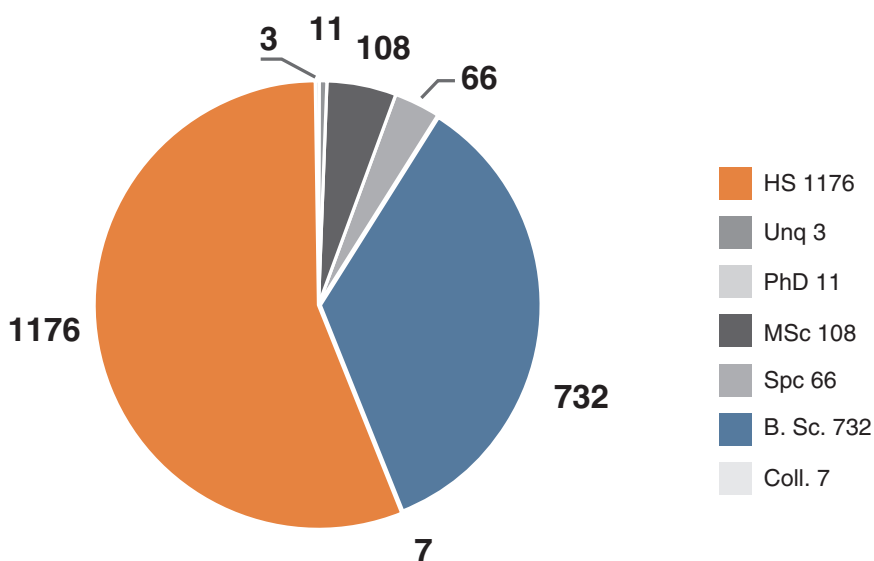
We prioritized talent attraction through a multifaceted approach and focused on enhancing the Alkaloid brand by actively engaging in career events and fostering partnerships with various educational institutions. Notably, Alkaloid was honoured with the title of the most desirable Macedonian employer in a survey conducted by the Vrabotuvanje.com.mk platform this year. This recognition holds significant weight in our efforts to attract and retain talent amidst the growing labour force migration from our country.

At the end of 2023, we had the following number of employees:

Employee Status on 31.12.2023	
PC/OU	Number of employees
Pharmaceuticals	1157
Chemicals, Cosmetics and Botanicals	283
Corporate services	663
<b>TOTAL Alkaloid</b>	<b>2103</b>

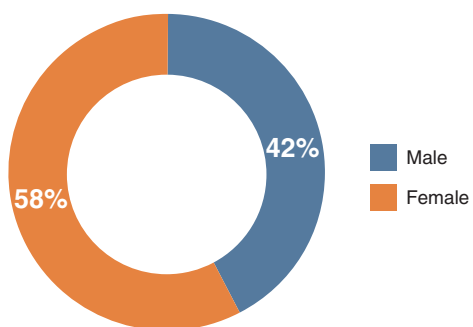
Alkaloid continuously invests in enhancing its employees' qualification structure. We believe that only a well-educated and trained workforce can successfully achieve the company's strategic goals and objectives.

### Qualification structure of Alkaloid employees

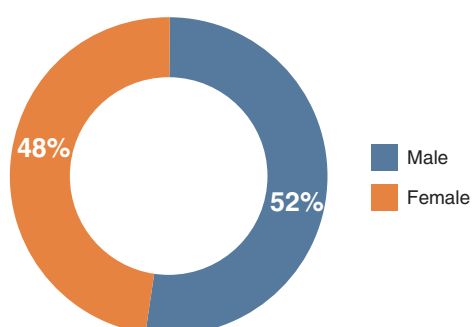


The gender structure at Alkaloid is as follows:

#### Gender structure of Alkaloid employees

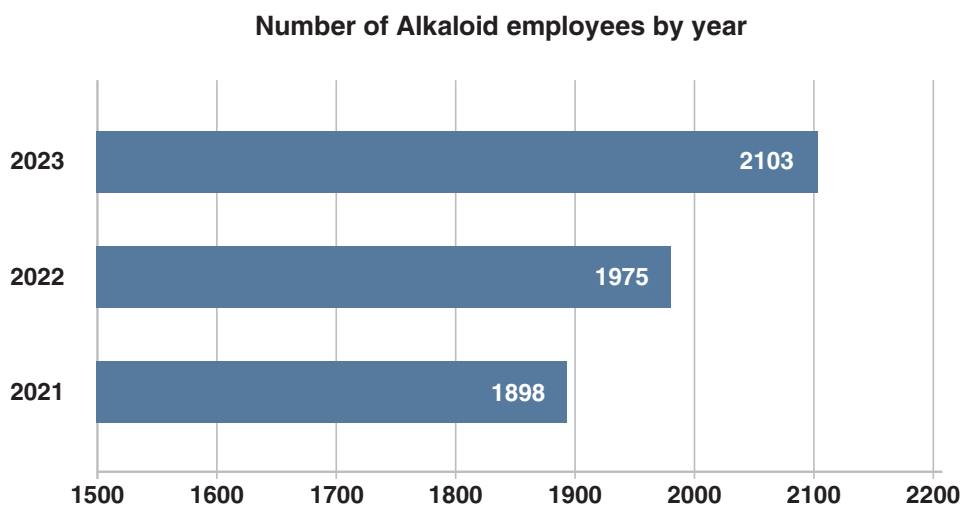


#### Gender structure of management positions at Alkaloid



The average age of our employees: 38

The number of employees has grown constantly:



We ended 2023 with 230 new hires at Alkaloid AD Skopje.

New hires at Alkaloid by PC/OU	Number
Pharmaceuticals	142
Chemicals, Cosmetics and Botanicals	24
Corporate services	64
<b>Total Alkaloid</b>	<b>230</b>

Young talent programs have emerged as a highly effective talent acquisition and recruitment method. In 2023, young talents programs, internships, and partially dual education programs accounted for a significant portion, totalling 20% of our overall new hire figures.

**A total of 62 employees left the company at their own request. The resignation rate is:**

<b>Employees leaving (%)</b>	<b>3,05 %</b>
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# Sustainable Development

## Environmental Social Governance - ESG

As a global company, ALKALOID continually endeavours to align with and implement global trends to enhance good corporate governance. We take pride in our role as pioneers in promoting and adhering to international standards of good corporate governance within the Republic of North Macedonia. In 2022, driven by the imperative to enhance the company's overall performance, we prioritized integrating and reporting on Environmental, Social, and Governance (ESG) standards. We successfully achieved this objective through various internal initiatives. These include establishing an ESG board tasked with implementing and overseeing ESG practices, adapting numerous internal policies to align with ESG requirements, and conducting surveys to solicit feedback from stakeholders such as shareholders, employees, and consumers. As a culmination of these efforts, in March 2023, we published our 2022 ESG report.

Recognizing the importance of enhancing and fortifying our partnerships, particularly in light of upcoming regulatory changes in the EU, we have decided to implement new processes and aspects in our ESG report for 2023. One significant enhancement is the consolidation of the ESG report, which now includes ESG data from our representative offices and subsidiaries worldwide. Additionally, we have adopted new GRI standards to further improve the quality and comprehensiveness of our reporting.

In June 2023, we launched the "ESG Month" campaign, aimed at familiarizing all employees with ESG principles and highlighting the benefits of their application. We are also pleased to note an improvement in the ALKALOID group's performance on the EcoVadis platform for non-financial reporting.

ALKALOID fully embraces its responsibility to contribute to a sustainable future. By integrating ESG principles into our operations and demonstrating a dedicated commitment to undertaking new activities and investments, we aim to enhance employee retention, attract top talent, improve operational efficiency, and bolster stakeholder confidence.

Please read more in the ESG report of  
Alkaloid AD Skopje



# Stand-alone financial annual report

## KEY FINANCIAL INDICATORS

In 000 MKD	Amount 2023	Amount 2022	Index 23/22
Total revenues	12,765,496	11,564,455	110
Sales	12,261,902	10,538,230	116
Gross profit	4,639,748	4,116,074	113
Earnings before financial cost, taxes and depreciation (EBITDA)	2,572,486	2,381,036	108
Earnings before financial cost, taxes and depreciation (EBITDA margin) (in %)	21.0	22.6%	93
Operating profit	1,684,062	1,549,398	109
Profit before income tax	1,651,839	1,533,128	108
Net profit	1,520,547	1,411,543	108
Total assets	18,351,222	16,224,977	113
Capital	13,510,179	12,230,770	110
Net cash flow	55,602	- 205,093	-
Additions to non-current assets	1,700,395	1,451,558	117
Number of employees	2,103	1,975	106
Sales per employee	5,831	5,336	109
Current ratio	1.88	1.96	96
Long term debt	5.1%	4.6%	110
POE – return on equity	11.81	11.93	99
EPIC – earnings per share (in denars)	1,081.9	1,004.3	108
Total number of shares	1,431,353	1,431,353	100
<b>1 EUR/1 MKD (average)</b>	<b>61.5570</b>	<b>61.6219</b>	<b>100</b>

## SELECTED FINANCIAL INDICATORS

	Amount 2023	Amount 2022	(In 000 EUR) Index 23/22
Total revenues	207,377	187,668	111
Sales	199,196	171,014	116
EBITDA	41,790	38,639	108
EBIT – earnings before interest and taxes	27,358	25,144	109
Net profit	24,701	22,907	108
EPS– earnings per share	17.57	16.30	108

## 1. General information

Alkaloid AD Skopje, the parent Company is a joint stock company, established and with head office in the Republic of North Macedonia. The registered address of the Company is: Aleksandar Makedonski 12 1000 Skopje, Republic of North Macedonia.

**Major business activity:** Alkaloid AD Skopje produces and sells wide range of pharmaceutical, chemical and cosmetic products, as well as goods from herbal origin. According to the Trade Registry, Alkaloid AD Skopje can perform wholesale operations and foreign trading with food and non food products.

**The main scope** is production of pharmaceutical products.

The shares of Alkaloid AD Skopje have been listed on the Macedonian Stock Exchange, since 2002.

The annual report on the performance of Alkaloid AD Skopje has been prepared in accordance with the Trade Company Law ("Official Gazette of the Republic of Macedonia" no. 28/2004, 84/2005, 25/2007, 87/2008, 42/2010, 48/2010, 24/2011, 166/2012, 70/2013, 119/2013, 120/2013, 187/2013, 38/2014, 41/2014, 138/2014, 88/2015, 192/2015, 6/2016, 30/2016, 61/2016, 64/2018, 120/2018 and the "Official Gazette of the Republic of Macedonia no. 290/2020 and 215/2021) and with the Rulebook for accounting ("Official Gazette of the Republic of Macedonia" no. 159/09, 164/10 and 107/11). The report is prepared in accordance with the concept of purchase price, excluding the land property, construction buildings and available-for-sale financial assets, which are presented by their market value.

The presentation of the financial statements in accordance with the Trade Companies Law and the Rulebook for Accounting requires management to make best estimates and reasonable assumptions that affect the amounts presented in the financial statements. These estimations and assumptions are based on reasonable information available, as of the date of preparation of the financial statements. However, actual results may vary from these estimates.

## 2. Financial risk management

### Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The financial risk management is preformed by the Company's financial department, based on Decisions from Managing board.

### Market risk

#### a) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

To manage the foreign exchange risk the Company provides enough cash in foreign currencies held in banks in order to maintain its future commercial transactions.

## **b) Price risk**

The Company is exposed to equity securities price risk because of available-for-sale investments held by the Company. The Company is not exposed to commodity price risk.

### **Credit risk**

The Company has no significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. Trade receivables consist of large number of balances. The Company has policies that limit the amount of credit exposure.

### **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

### **Interest risk**

As the Company has no significant interest-bearing assets, the Company's income and operating cash flow are substantially independent of changes in market interest rates.

The Company's interest rate risk arises from borrowings. The Company has no specific policy, but in direct negotiation with lenders attempts to reduce interest rate risk. Interest rates of long-term borrowings are significantly lower than short term. Interest rates on short term borrowings are increased in respect of previous year.

## **Fair value estimation**

The fair value of available-for-sale financial assets traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the last traded price.

The fair value of financial instruments that are not traded in an active market is determined by makes assumptions that are based on public information for recent arm's length transactions or reference to other instruments that are substantially the same.

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The Company's estimates are based on experience and other factors, including expectations of future events that are believed to be probable in the present circumstances.

### 3. Additions to non-current assets

Additions to non-current assets include additions to property, plant and equipment and Intangibles.

Additions to non-current assets - segment reporting as at 31.12.2023:

Segments	(In 000 MKD)				
	2023		2022		Ind.
	Amount	%	Amount	%	23/22
Pharmacy	1,550,921	91	1,263,054	87	123
Chemistry Cosmetics Botanicals	149,474	9	188,504	13	79
<b>Total:</b>	<b>1,700,395</b>	<b>100</b>	<b>1,451,558</b>	<b>100</b>	<b>117</b>

### 4. Dividends

The Company does not recognize the dividend payable before it is approved on the Annual General Meeting.

The dividends approved on a gross basis by shareholders on April 3, 2023 amounted to MKD 701,363 thousands for the year ended December 31, 2022. The approved dividends were paid and retained earnings appropriately decreased. The dividend and the tax related to the dividend are disclosed as decrease of retained earnings. The net dividend paid per share for 2022 is MKD 441.00 (2021: MKD 396.00), which represents an increase of 11.36 %.

### 5. Borrowings

Borrowings	(In 000 MKD.)				
	2023		2022		Ind.
	Amount	%	Amount	%	23/22
Non-current	690,834	42	568,194	47	122
Current	972,627	58	649,803	53	150
<b>Total:</b>	<b>1,663,461</b>	<b>100</b>	<b>1,217,997</b>	<b>100</b>	<b>137</b>

The maturity of the borrowings is as follows:

Maturity	(In 000 MKD)				
	2023		2022		Ind.
	Amount	%	Amount	%	23/22
Up to 1 year	972,627	58	649,803	53	150
Between 1 to 3 years	690,834	42	568,194	47	122
<b>Total:</b>	<b>1,663,461</b>	<b>100</b>	<b>1,217,997</b>	<b>100</b>	<b>137</b>

## 6. Major transactions

According to the Trade Company Law, Alkaloid AD Skopje has no major transactions in 2023.

## 7. Related party transactions

The Company has no ultimate parent. The shares are widely held.

Alkaloid AD Skopje has investments in twenty two subsidiaries, two sports clubs and one foundation in N.Macedonia and abroad. Sales and purchases of goods and services between related parties are based on regular market terms and prices.

### Investments in subsidiaries and associates

Subsidiary	(In 000 MKD)				Ind. 23/22
	2023 Amount	%	2022 Amount	%	
Alkaloid DOO Beograd, Serbia	173,256	31	173,256	31	100
Alkaloid DOO Zagreb, Croatia	15,439	3	15,439	3	100
Alkaloid INT DOO Ljubljana, Slovenia	866	-	866	-	100
Alkaloid DOO Sarajevo, Bosnia and Herzegovina	39	-	39	-	100
Alkaloid EOOD Sofia, Bulgaria	2,748	-	2,748	-	100
ALK&KOS Shpk Prishtina, Kosovo	307	-	307	-	100
Alkaloidfarm SA Fribourg, Switzerland	5,429	1	5,429	1	100
Alkaloid USA LLC Columbus, Ohio US	3,873	1	3,873	1	100
Alkaloid Kons DOOEL Skopje, N.Macedonia	161,154	29	161,154	29	100
Alkaloid DOO Podgorica, Montenegro	-	-	-	-	-
Fund "Trajce Mukaetov" Skopje, N.Macedonia	3,000	1	3,000	1	100
OOO Alkaloid RUS, Moscow, Russia	119,359	22	119,359	22	100
Alkaloid FARM DOO Ljubljana, Slovenia	461	-	461	-	100
Alkaloid Veleddrogerija DOO Beograd, Serbia	7,720	1	7,720	1	100
Alkaloid ILAC TLS Istanbul, Turkey	2,616	-	2,616	-	100
Alkaloid Bilna apteka DOOEL Skopje, N.Macedonia	308	-	308	-	100
ALKA-LAB DOO Ljubljana, Slovenia	43,081	8	43,081	8	100
Alkaloid Shpk Tirana, Albania	308	-	308	-	100
Alkaloid Kiev CO. LTD., Ukraine	2,157	-	2,157	-	100
Alkaloid LGL DOO, Zagreb	2,157	-	2,157	-	100
Alkaloid UK LIMITED	-	-	-	-	-
HC Alkaloid Handball Skopje	1,542	-	1,542	-	100
HC Multi Essence Skopje	1,542	-	1,542	-	100
Alkaloid Bucharest SRL Romania	6,150	1	6,150	1	100
Alkaloid SEE DOO Belgrade	1,231	-	-	-	-
<b>Вкупно:</b>	<b>554,743</b>	<b>100</b>	<b>553,512</b>	<b>100</b>	<b>100</b>

All subsidiaries are 100% owned by the Company, except investment in Alkaloid USA with the equity share of 49%. Although the investment of Alkaloid AD Skopje in Alkaloid USA LLC Columbus, Ohio USA is 49%, the Company exercises control.

In 2023 a new subsidiary was established in Serbia with a name Alkaloid SEE DOO Belgrade. In 2022 a new subsidiary

was established in Romania with a name Alkaloid Bucharest S.R.L. The subsidiaries are 100% owned by the Alkaloid AD Skopje.

The Company has representative offices in Russia and Ukraine. The operational results of the representation offices are included in the financial statements of the Company.

## Sales of goods and services

Subsidiary	(In 000 MKD)				
	2023		2022		Ind.
	Amount	%	Amount	%	23/22
Alkaloid DOO Belgrade, Serbia	250,009	4	176,101	4	142
Alkaloid DOO Zagreb, Croatia	-	-	1,631	-	-
Alkaloid INT DOO Ljubljana, Slovenia	1,808,261	31	1,392,164	30	130
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	300,216	5	282,072	6	106
Alkaloidpharm SA Fribourg, Switzerland	-	-	59	-	-
Alkaloid Kons DOOEL Skopje, N.Macedonia	163,653	3	137,577	3	119
OOO Alkaloid RUS, Moscow, Russia	1,983,059	34	1,507,493	33	132
Alkaloid Veledrogerija DOO Beograd, Serbia	1,324,897	23	1,072,149	23	124
Alkaloid Bilna apteka DOOEL Skopje, N.Macedonia	6,156	-	6,084	-	101
<b>Total:</b>	<b>5,836,251</b>	<b>100</b>	<b>4,575,330</b>	<b>100</b>	<b>128</b>

## Purchases of goods and services

Subsidiary	(In 000 MKD)				
	2023		2022		Ind.
	Amount	%	Amount	%	23/22
Alkaloid DOO Belgrade, Serbia	20,139	2	15,296	2	132
Alkaloid DOO Zagreb, Croatia	11,895	1	6,008	1	198
Alkaloid DOO Ljubljana INT, Slovenia	13,426	2	7,087	1	189
Alkaloid DOO Sarajevo, Bosnia and Herzegovina	180,884	22	128,248	14	141
Alkaloid EOOD Sofia, Bulgaria	1,148	-	1,231	-	93
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	5,318	1	5,684	1	94
Alkaloidpharm SA Fribourg, Switzerland	223,688	27	328,041	35	68
Alkaloid Kons DOOEL Skopje, N.Macedonia	438	-	2,334	-	19
Alkaloid DOO Podgorica, Montenegro	51,735	6	47,841	5	108
Fund "Trajce Mukaetov" Skopje, N.Macedonia	10,287	1	10,237	1	100
OOO Alkaloid RUS, Moscow, Russia	-	-	153,733	16	-
Alkaloid FARM DOO Ljubljana, Slovenia	1,199	-	2,009	-	60
Alkaloid Veledrogerija DOO Beograd, Serbia	-	-	729	-	-
Alkaloid ILAC TLS Istanbul, Turkey	6,750	1	6,788	1	99
Alkaloid Bilna apteka DOOEL Skopje, N.Macedonia	3,353	-	3,155	-	106
ALKA-LAB DOO Ljubljana, Slovenia	7,005	1	3,280	-	214
Alkaloid Shpk Tirana, Albania	20,837	3	19,818	2	105
Alkaloid Kiev CO. LTD., Ukraine	172,422	21	156,335	17	110
Alkaloid LGL DOO, Zagreb	9,970	1	9,352	1	107
HC Alkaloid Handball Skopje	85,800	10	21,700	2	395
HC Multi Essence Skopje	9,950	1	5,300	1	188
Alkaloid SEE DOO Belgrade	1,174	-	-	-	-
<b>Total:</b>	<b>837,418</b>	<b>100</b>	<b>934,206</b>	<b>100</b>	<b>90</b>

**Accounts receivables**

Subsidiary	(In 000 MKD)				
	2023		2022		Ind.
	Amount	%	Amount	%	23/22
Alkaloid DOO Belgrade, Serbia	159,922	8	14,803	1	1,080
Alkaloid DOO Ljubljana INT, Slovenia	654,048	32	311,780	23	210
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	85,446	4	76,381	6	112
Alkaloidpharm SA Fribourg, Switzerland	-	-	92	-	-
Alkaloid Kons DOOEL Skopje, N.Macedonia	-	-	9,871	1	-
OOO Alkaloid RUS, Moscow, Russia	489,908	24	366,335	27	134
Alkaloid Veledrogerija DOO Beograd, Serbia	660,232	32	571,043	42	116
Alkaloid Bilna apteka DOOEL Skopje, N.Macedonia	2,078	-	1,547	-	134
<b>Total:</b>	<b>2,051,634</b>	<b>100</b>	<b>1,351,852</b>	<b>100</b>	<b>152</b>

**Accounts payables**

Subsidiary	(In 000 MKD)				
	2023		2022		Ind.
	Amount	%	Amount	%	23/22
Alkaloid DOO Belgrade, Serbia	1,144	-	1,551	1	74
Alkaloid DOO Zagreb, Croatia	2,381	1	3,787	1	63
Alkaloid DOO Ljubljana INT, Slovenia	26,939	11	43,530	16	62
Alkaloid DOO Sarajevo, Bosnia and Herzegovina	27,442	11	21,905	8	125
Alkaloid EOOD Sofia, Bulgaria	257	-	49	-	524
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	1,420	1	2,148	1	66
Alkaloidpharm SA Fribourg, Switzerland	111,285	47	140,749	52	79
Alkaloid Kons DOOEL Skopje, N.Macedonia	605	-	64	-	945
Alkaloid DOO Podgorica, Montenegro	12,810	5	10,145	4	126
OOO Alkaloid RUS, Moscow, Russia	8,996	4	-	-	-
Alkaloid FARM DOO Ljubljana, Slovenia	645	-	504	-	128
Alkaloid ILAC TLS Istanbul, Turkey	-	-	1,476	1	-
Alkaloid Bilna apteka DOOEL Skopje, N.Macedonia	1,130	-	1,062	-	106
ALKA-LAB DOO Ljubljana, Slovenia	2,314	1	248	-	933
Alkaloid Shpk Tirana, Albania	307	-	91	-	337
Alkaloid Kiev CO. LTD., Ukraine	39,395	16	39,347	15	100
Alkaloid LGL DOO, Zagreb	1,156	-	1,148	-	101
HC Multi Essence Skopje	-	-	2,050	1	-
Alkaloid SEE DOO Belgrade	559	-	-	-	-
<b>Total:</b>	<b>238,785</b>	<b>100</b>	<b>269,854</b>	<b>100</b>	<b>88</b>

**Prepayments and short-term loans**

Subsidiary	(In 000 MKD)				
	2023		2022		Ind.
	Amount	%	Amount	%	23/22
Alkaloid Shpk Tirana, Albania	1,323	100	1,845	100	72
<b>Total:</b>	<b>1,323</b>	<b>100</b>	<b>1,845</b>	<b>100</b>	<b>72</b>



## 8. Share capital

	Ordinary shares	Treasury shares	Total	Share premium
<b>At 1 January 2022</b>	<b>2,220,127</b>	<b>-35,007</b>	<b>2,185,120</b>	<b>-74,278</b>
Purchase of treasury shares	-	-	-	-
<b>At 31 December 2022</b>	<b>2,220,127</b>	<b>-35,007</b>	<b>2,185,120</b>	<b>-74,278</b>
Purchase of treasury shares	-	-	-	-
<b>At 31 December 2023</b>	<b>2,220,127</b>	<b>-35,007</b>	<b>2,185,120</b>	<b>-74,278</b>

The total authorized number of ordinary shares is 1,431,353 with a par value of EUR 25.56 per share. All issued shares are fully paid. As of 31.12.2023 the number of voting shares is 1,405,509 shares.

### Earning per share

	(In MKD)		
	2023 Amount	2022 Amount	Ind. 23/22
Profit attributable to shareholders (in denars)	1,520,546,813	1,411,542,911	108
Number of shares	1,405,509	1,405,509	100
<b>Basic earning per share (in denars):</b>	<b>1,081.85</b>	<b>1,004.29</b>	<b>108</b>

## 9. Key management compensations

The management team of Alkaloid consists of 125 individuals, including members of the Management Board. In the reporting year, the total allowances for gross salaries and awards, annual leave allowance, New Year's bonus, management insurance, severance pay, jubilee awards, and private health insurance for the management team amounted to a total of MKD 580.4 million on a gross basis.

This amount comprises MKD 463.4 million fixed compensation and MKD 117 million variable compensation. No compensations were paid to the Managing Board members in 2023 for the purpose of participation in the Managing Board. In 2023, the amount of Denar 4,799 thousands on a gross basis were paid to the Supervisory Board members (2022: MKD 4,438 thousands).

## 10. Revenues

### Total sales of goods and services

Market	(In 000 MKD)				
	2023		2022		Ind. 23/22
	Amount	%	Amount	%	
Domestic market	3,370,337	27	3,142,726	30	107
Foreign market	8,891,565	73	7,395,504	70	120
<b>Total:</b>	<b>12,261,902</b>	<b>100</b>	<b>10,538,230</b>	<b>100</b>	<b>116</b>

The total sales revenues for 2023 are 12,261,902 thousand denars which indicates 16% growth compared to the sales revenues from 2022 (10,538,230 thousand denars).

The growth in total sales revenues is a result from the increase of sales revenues on foreign market sales for 20% and the increase on domestic market for 7%. The largest portion of total sales revenues, 73% is generated on foreign markets.

**Total sales - segment reporting**

Segment	(In 000 MKD)				Ind. 23/22
	2023		2022		
	Amount	%	Amount	%	
Pharmacy	10,566,351	86	8,852,973	84	119
Chemistry Cosmetics Botanicals	1,695,551	14	1,685,257	16	101
<b>Total:</b>	<b>12,261,902</b>	<b>100</b>	<b>10,538,230</b>	<b>100</b>	<b>116</b>

The largest portion in total sales revenues, amounting 10,566,351 thousand is generated on the Pharmacy segment with 86%, which compared to last years' 8,852,973 thousand denars is an increase of 19%.

**Domestic market sales - segment reporting**

Segment	(In 000 MKD)				Ind. 23/22
	2023		2022		
	Amount	%	Amount	%	
Pharmacy	2,529,563	75	2,342,310	75	108
Chemistry Cosmetics Botanicals	840,774	25	800,416	25	105
<b>Total:</b>	<b>3,370,337</b>	<b>100</b>	<b>3,142,726</b>	<b>100</b>	<b>107</b>

Total sales revenues on domestic market are 3,370,337 thousand denars, which compared to last years' 3,142,726 have increased for 7%. The largest portion in total sales revenues is generated on the Pharmacy segment, amounting 2,529,563 thousand denars or 75%.

**Foreign market sales - segment reporting**

Segment	(In 000 MKD)				Ind. 23/22
	2023		2022		
	Amount	%	Amount	%	
Pharmacy	8,036,789	90	6,510,663	88	123
Chemistry Cosmetics Botanicals	854,776	10	884,841	12	97
<b>Total:</b>	<b>8,891,565</b>	<b>100</b>	<b>7,395,504</b>	<b>100</b>	<b>120</b>

Total sales revenues on foreign market are 8,891,565 thousand denars, which compared to last years' 7,395,504 have increased for 20%. The largest portion in total sales revenues is generated on the Pharmacy segment, amounting 8,036,789 thousand denars or 90%.

## Sales by region

Region/Country	(In 000 MKD)				
	2023		2022		Ind.
	Amount	%	Amount	%	23/22
North Macedonia	3,370,337	27	3,142,726	30	107
South Eastern Europe	3,906,542	32	3,390,886	32	115
Eastern Europe (CIS, UA, ...)	2,516,470	21	1,979,333	19	127
Western Europe (EU and EFTA)	2,302,667	19	1,856,623	18	124
Other countries	165,886	1	168,662	2	98
<b>Total:</b>	<b>12,261,902</b>	<b>100</b>	<b>10,538,230</b>	<b>100</b>	<b>116</b>

The largest portion of 32% of the total sales in foreign markets is generated in the South Eastern Europe region.

## Total revenues

Revenues	(In 000 MKD)				
	2023		2022		Ind.
	Amount	%	Amount	%	23/22
<b>1. Revenues from sales of goods and services</b>	<b>12,261,902</b>	<b>96</b>	<b>10,538,230</b>	<b>91</b>	<b>116</b>
<b>-Domestic market</b>	<b>3,370,337</b>	<b>26</b>	<b>3,142,726</b>	<b>27</b>	<b>107</b>
Sales of goods	2,435,737	19	2,304,730	20	106
Sales of commodities	863,777	7	762,247	7	113
Other sales revenues	70,823	1	75,749	1	93
<b>-Foreign market</b>	<b>8,891,565</b>	<b>69</b>	<b>7,395,504</b>	<b>64</b>	<b>120</b>
Sales of goods	7,727,031	60	6,498,387	56	119
Sales of commodities	1,038,428	8	809,847	7	128
Other sales revenues	126,106	1	87,270	1	145
<b>2. Other operating income</b>	<b>503,594</b>	<b>4</b>	<b>1,026,225</b>	<b>9</b>	<b>49</b>
Collected written off receivables	143	-	-	-	-
Income from previous years	4,615	-	2,524	-	183
Dividends income	181,809	1	119,606	1	152
Interest income	2,213	-	843	-	263
Foreign exchange transaction gains	192,144	1	756,735	7	25
Other income	122,670	1	146,517	1	84
<b>3. Finance income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Foreign exchange transaction gains on borrowings	-	-	-	-	-
Interest income on borrowings	-	-	-	-	-
<b>Total:</b>	<b>12,765,496</b>	<b>100</b>	<b>11,564,455</b>	<b>100</b>	<b>110</b>

Total revenues for 2023 amounting 12,765,496 thousand denars have increased for 10%, compared to last years' 11,564,455 thousand denars.

The largest portion of 96% in the total revenues belongs to the sales revenues, which compared to last year have increased for 16%.

Other operating income has a portion of 4% in total revenues. Compared to last year other operating income has decreased for 51%.

Finance income only includes income on borrowings. The portion of finance income in total revenue is insignificant.

### Sales by category

Sales revenues	(In 000 MKD)				
	2023		2022		Ind. 23/22
	Amount	%	Amount	%	
Sales of goods	10,162,768	83	8,803,117	84	115
Sales of commodities	1,902,205	16	1,572,094	15	121
Other sales revenues	196,929	2	163,019	2	121
<b>Total:</b>	<b>12,261,902</b>	<b>100</b>	<b>10,538,230</b>	<b>100</b>	<b>116</b>

## 11. Expenses

### Total expenses by nature

Expenses	(In 000 MKD)				
	2023		2022		Ind.
	Amount	%	Amount	%	23/22
<b>1. Changes in the inventories</b>	<b>-143,165</b>	<b>-1</b>	<b>-394,105</b>	<b>-4</b>	<b>36</b>
<b>2. Raw and other materials</b>	<b>4,305,336</b>	<b>39</b>	<b>3,855,715</b>	<b>38</b>	<b>112</b>
Raw materials	4,017,571	36	3,463,059	35	116
Energy	274,618	2	376,815	4	73
Spare parts	10,758	-	13,848	-	78
Written off small items	2,389	-	1,993	-	120
<b>3. Cost of commodities</b>	<b>1,207,163</b>	<b>11</b>	<b>985,780</b>	<b>10</b>	<b>122</b>
<b>4. Services</b>	<b>565,760</b>	<b>5</b>	<b>485,720</b>	<b>5</b>	<b>116</b>
Transport	176,858	2	156,373	2	113
Maintenance	120,506	1	106,879	1	113
Rent	42,150	-	41,051	-	103
Utilities	226,246	2	181,417	2	125
<b>5. Depreciation and amortization</b>	<b>888,424</b>	<b>8</b>	<b>831,638</b>	<b>8</b>	<b>107</b>
<b>6. Provision for impaired trade receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>7. Employee benefits</b>	<b>2,448,538</b>	<b>22</b>	<b>2,116,749</b>	<b>21</b>	<b>116</b>
Gross salaries	2,066,818	19	1,764,602	18	117
Food allowances	73,511	1	62,746	1	117
Holiday allowances	158,141	1	132,233	1	120
Termination benefits	5,667	-	10,864	-	52
Short-term benefits	130,000	1	130,000	-	100
Retirement benefits	12,318	-	14,534	-	85
Other expenses	2,083	-	1,770	-	118
<b>8. Other operating expenses</b>	<b>1,809,379</b>	<b>16</b>	<b>2,133,560</b>	<b>21</b>	<b>85</b>
Cost of business trips	48,077	-	29,637	-	162
Advertising and marketing	991,042	8	919,562	9	108
Insurance	108,989	1	84,219	1	129
Taxes and contributions	69,523	1	31,709	-	219
Bank charges and memberships	21,012	-	18,484	-	114
Interest	36	-	38	-	-
Exchange differences from receivables and payables	277,279	2	758,072	8	37
Expenses from previous years	19,995	-	23	-	86,935
Other expenses	273,426	4	291,816	3	94
<b>9. Finance costs (borrowings)</b>	<b>32,223</b>	<b>-</b>	<b>16,270</b>	<b>-</b>	<b>198</b>
Foreign exchange transaction losses on borrowings	-	-	-	-	-
Interest expense on borrowings	32,223	-	16,270	-	198
<b>Total:</b>	<b>11,113,657</b>	<b>100</b>	<b>10,031,327</b>	<b>100</b>	<b>111</b>

The total expenses for 2023 amounting 11,113,657 thousand denars have increased 11% compared to last years' 10,031,327 thousand denars.

The largest portion in the total expenses belongs to Raw and other materials, 39%. Employee benefits have a portion of 22%, Other operating expenses have a portion of 17%. Finance costs include only expenses on borrowings. The portion of finance costs in total expenses is insignificant.

## Income statement - expenses by nature

Income statement	(In 000 MKD)				
	2023		2022		Ind.
	Amount	%	Amount	%	23/22
<b>Total revenues</b>	<b>12,765,496</b>	<b>100</b>	<b>11,564,455</b>	<b>100</b>	<b>110</b>
Domestic market	3,370,337	26	3,142,726	27	107
Foreign market	8,891,565	69	7,395,504	64	120
Other operating income	557,854	4	1,026,225	9	54
Finance income	-	-	-	-	-
<b>Total expenses</b>	<b>-11,113,657</b>	<b>-87</b>	<b>-10,031,327</b>	<b>-87</b>	<b>111</b>
Inventories	143,165	1	394,105	3	36
Raw materials	-4,305,336	-34	-3,855,715	-33	112
Cost of commodities	-1,207,163	-9	-985,780	-9	122
Services expenses	-565,760	-4	-485,720	-4	116
Gross salaries	-2,066,818	-16	-1,764,602	-15	117
Depreciation and amortization	-888,424	-7	-831,638	-7	107
Provision for impaired trade receivables	0	-	-	-	-
Other operating expenses	-2,191,098	-17	-2,485,707	-21	88
Finance cost	-32,223	-	-16,270	-	198
<b>Profit before income tax</b>	<b>1,651,839</b>	<b>13</b>	<b>1,533,128</b>	<b>13</b>	<b>108</b>
Income tax	-131,292	-1	-121,585	-1	108
<b>Profit for the year</b>	<b>1,520,547</b>	<b>12</b>	<b>1,411,543</b>	<b>12</b>	<b>108</b>

Profit before income tax for 2023 is 1,651,839 thousand denars, which compared to last years' 1,533,128 thousand denars has increased for 8%. The portion of profit before income tax in the total revenue in 2023 is 13%.

The calculated Income tax for 2023 is 131,292 thousand denars, which compared to last years' 121,585 thousand denars has increased for 8%.

Profit for the year 2023 is 1,520,547 thousand denars, which compared to last years' 1,411,543 thousand denars has increased for 8%. The portion of net income in the total revenue in 2023 is 12%.

## Income statement - expenses by function

Income statement	(In 000 MKD)				
	2023		2022		Ind.
	Amount	%	Amount	%	23/22
<b>Sales</b>	<b>12,261,902</b>	<b>96</b>	<b>10,538,230</b>	<b>91</b>	<b>116</b>
Cost of sales	-7,622,154	-60	-6,422,156	-56	119
<b>Gross profit</b>	<b>4,639,748</b>	<b>36</b>	<b>4,116,074</b>	<b>36</b>	<b>113</b>
Research and development expenses	-189,147	-1	-163,070	-1	116
Selling and marketing expenses	-2,068,924	-16	-1,991,523	-17	104
Administrative expenses	-805,911	-6	-660,666	-6	122
Other income	503,594	4	1,026,225	9	49
Other expenses	-395,298	-3	-777,642	-7	51
<b>Operating profit</b>	<b>1,684,062</b>	<b>13</b>	<b>1,549,398</b>	<b>13</b>	<b>109</b>
Net foreign exchange transaction (losses) / gains	-	-	-	-	-
Net interest	-32,223	-	-16,270	-	198
<b>Profit before income tax</b>	<b>1,651,839</b>	<b>13</b>	<b>1,533,128</b>	<b>13</b>	<b>108</b>
Income tax	-131,292	-1	-121,585	-1	108
<b>Profit for the year</b>	<b>1,520,547</b>	<b>12</b>	<b>1,411,543</b>	<b>12</b>	<b>108</b>

The income statement by function model presents the expenses as: Production costs, Research and development expenses, Selling and marketing expenses and Administrative expenses. The finance costs are presented in net values i.e. income and expenses are set off, so it can be represented as income or expense.

The largest portion in total revenues 60% belongs to Cost of sales, which compared to previous year have increased for 19%.

Selling and marketing expenses have a portion of 16% in total revenues. Compared to last year Selling and marketing expenses have increased for 4%.

Administrative expenses have a portion in total revenues of 6% and have increased for 22% compared to last year.



## Balance sheet

(In 000 MKD)					
Balance sheet	2023		2022		Ind. 23/22
	Amount	%	Amount	%	
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	7,881,992	43	6,800,331	42	116
Intangibles	2,145,556	12	1,973,544	12	109
Investments in subsidiaries and associates	554,743	3	553,512	3	100
Available-for-sale financial assets	9,231	-	8,551	-	108
Other non-current receivables	78,909	-	290,835	2	27
Deferred tax assets	-	-	-	-	-
<b>Total non-currents assets:</b>	<b>10,670,431</b>	<b>58</b>	<b>9,626,773</b>	<b>59</b>	<b>111</b>
<b>Current assets</b>					
Inventories	4,135,399	23	3,906,358	24	106
Trade receivables	2,965,897	16	2,299,036	14	129
Other receivables	461,816	3	330,733	2	140
Cash and cash equivalents	117,679	1	62,077	-	190
<b>Total current assets:</b>	<b>7,680,791</b>	<b>42</b>	<b>6,598,204</b>	<b>41</b>	<b>116</b>
<b>Total assets:</b>	<b>18,351,222</b>	<b>100</b>	<b>16,224,977</b>	<b>100</b>	<b>113</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	2,185,120	12	2,185,120	13	100
Share premiums	-74,278	-	-74,278	-	100
Legal reserves	596,146	3	596,146	4	100
Other reserves	2,135,482	12	1,687,920	10	127
Retained earnings	8,667,709	47	7,835,862	48	111
<b>Total equity:</b>	<b>13,510,179</b>	<b>74</b>	<b>12,230,770</b>	<b>75</b>	<b>110</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	3,096,008	17	2,696,884	17	115
Current borrowings	972,627	5	649,803	4	150
Income taxes	24,231	-	22,835	-	106
<b>Total current liabilities:</b>	<b>4,092,866</b>	<b>22</b>	<b>3,369,522</b>	<b>21</b>	<b>121</b>
<b>Non-current liabilities</b>					
Non-current borrowings	690,834	4	568,194	4	122
Deferred tax liabilities	-	-	-	-	-
Non-current provisions	57,343	-	56,491	-	102
<b>Total non-current liabilities:</b>	<b>748,177</b>	<b>4</b>	<b>624,685</b>	<b>4</b>	<b>120</b>
<b>Total liabilities:</b>	<b>4,841,043</b>	<b>26</b>	<b>3,994,207</b>	<b>25</b>	<b>121</b>
<b>Total equity and liabilities:</b>	<b>18,351,222</b>	<b>100</b>	<b>16,224,977</b>	<b>100</b>	<b>113</b>



JOINT STOCK COMPANY

*Health above all*

PHARMACEUTICAL CHEMICAL COSMETIC INDUSTRY

## Statement of compliance with the Corporate Governance Code

We, the undersigned members of the Management Board ALKALOID AD Skopje, hereby state that in its operations ALKALOID AD Skopje adheres to the Corporate Governance Code for joint stock companies listed on the Macedonian Stock Exchange AD Skopje, published on the Stock Exchange's website at [www.mse.mk](http://www.mse.mk).

ALKALOID AD Skopje adheres to the principles and best practices of corporate governance prescribed by the Code according to the 'comply or explain' approach by submitting questionnaires, the form and content of which are prescribed with the Code.

By this Statement we hereby confirm that the questionnaires are published on SEI-NET and the website of ALKALOID AD Skopje, and the answers contained therein are correct and true and accurately show the application of the principles and best practices of corporate governance by ALKALOID AD Skopje as prescribed by the Corporate Governance Code.

Date: 29.02.2024

Management Board of ALKALOID AD Skopje

\_\_\_\_\_  
Zhivko Mukaetov  
President of the Management Board

\_\_\_\_\_  
Viktor Stojchevski  
Member of the Management Board

\_\_\_\_\_  
Olivera Paneva  
Member of the Management Board

\_\_\_\_\_  
Gjorgji Jovanov  
Member of the Management Board

\_\_\_\_\_  
Kire Icev  
Member of the Management Board

**address:**  
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**EDB:** 4030948257762  
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**ALKALOID**  
**SKOPJE**



# 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**.

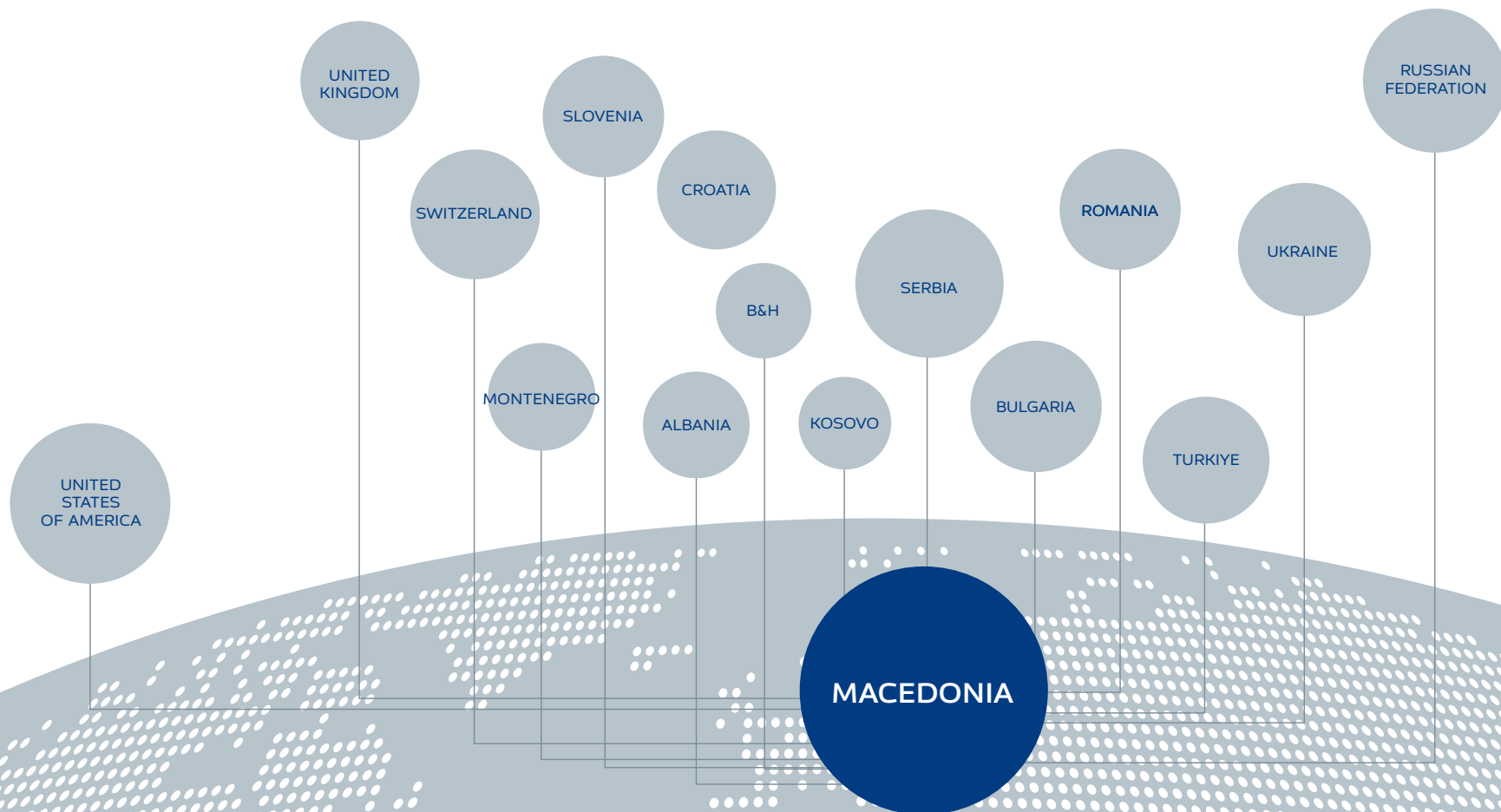
ALKALOID has been producing medicines, cosmetic and chemical products, and processing herbal raw materials for nearly nine decades.

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.





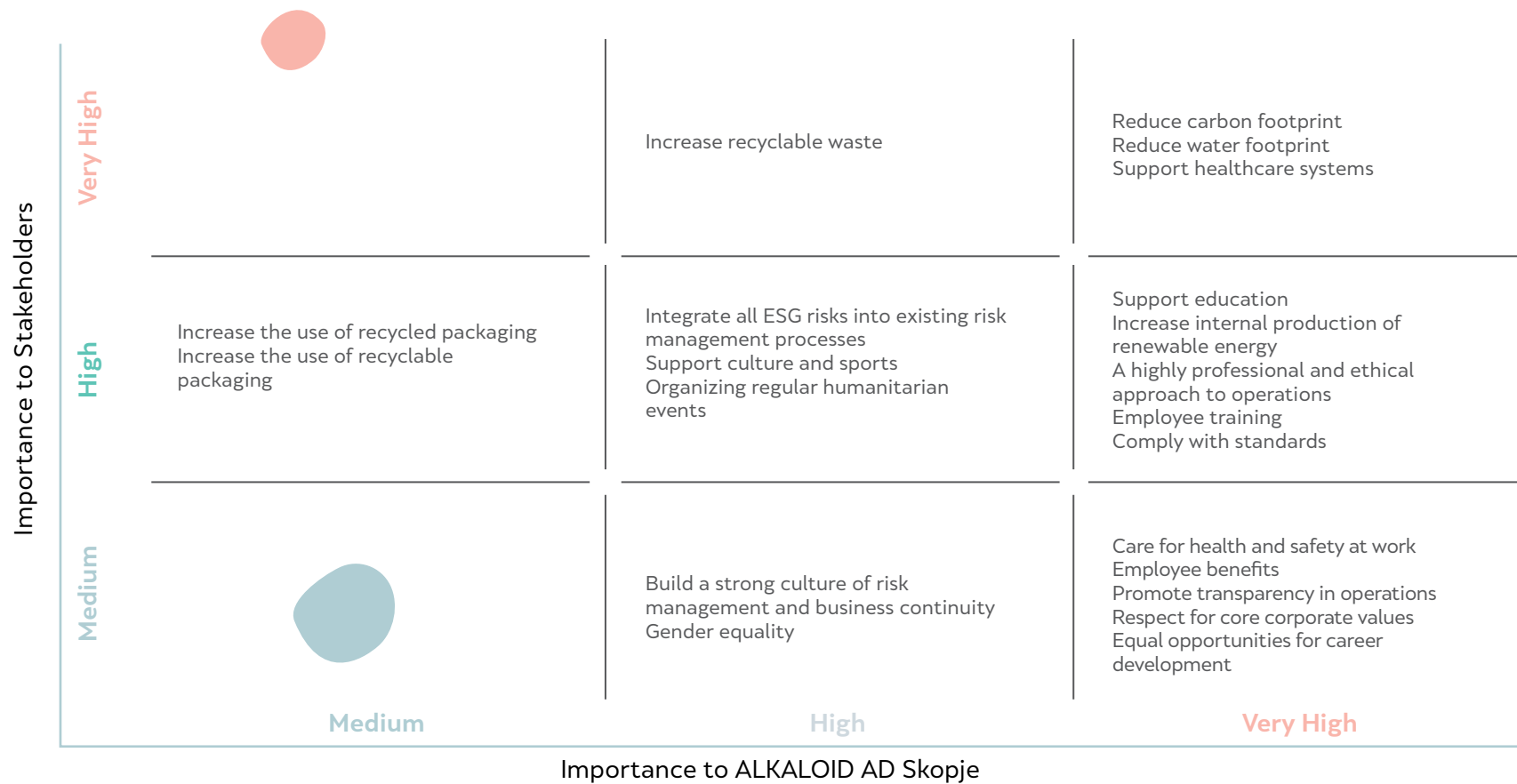
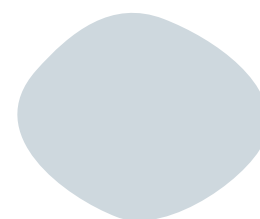


## The most important ESG topics for ALKALOID AD

### **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 glass beakers and flasks. One beaker in the foreground contains a yellow liquid, while others contain clear or green liquids. The background is blurred, showing laboratory equipment and a person in a white lab coat. A large, semi-transparent white circle is overlaid on the right side of the image, containing the text.

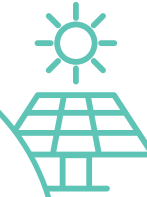
## II. Our Results in 2023



## 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**

**1**

**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. 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 - integrated marketing campaign "How are you?" - Becutan's project supporting parents
Support sports and sports activities		- Promoting and supporting handball and handball clubs RK Alkaloid and RK Multiesense - 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: - 2 blood donation drives were carried out, over 240 registered, 192 blood units donated - clothing donation campaign carried out, almost 1 ton of clothing donated - 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 - 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"; AlkaSpeakUp platform for anonymous reporting of non-compliance with the Code of Ethics and Professional Conduct and company values; "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 LTIFR - target achieved, reduced by 29% 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%. 2. First aid trainings. Target: Increase the share of trained employees by 100% compared to 2022 - Target exceeded by 280%. 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. 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 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 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 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 Implement IT security measures for personal data encryption Establish Procedure for selection of personal data processors		A working group to start the encryption of data sets was established 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 Coordinates the ESG Board operation 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 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. 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

The 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"

**S**ocial 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

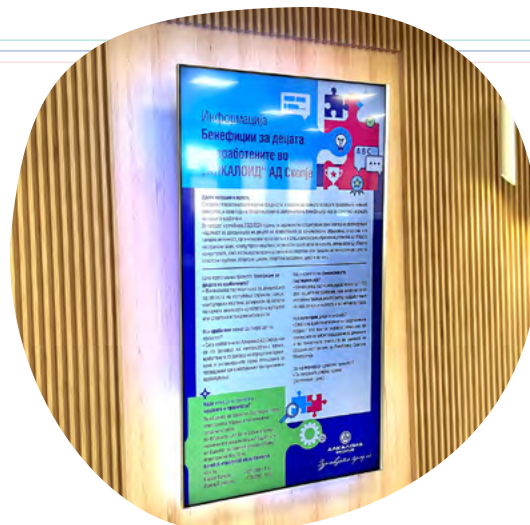
### "Thank You for Our Today!" – A Project Dedicated to Caring for Our Retired Employees

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**  
- (Vработuvanje.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.

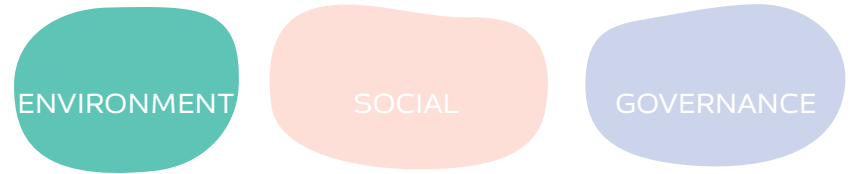
**Environmental areas** encompass nature, waste, noise, vibration, ionizing and non-ionizing radiation, climate, odour, and all other elements that collectively form the environment.

### 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

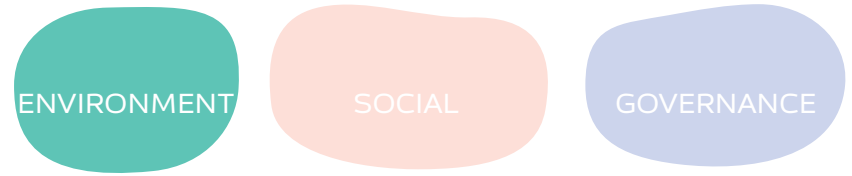
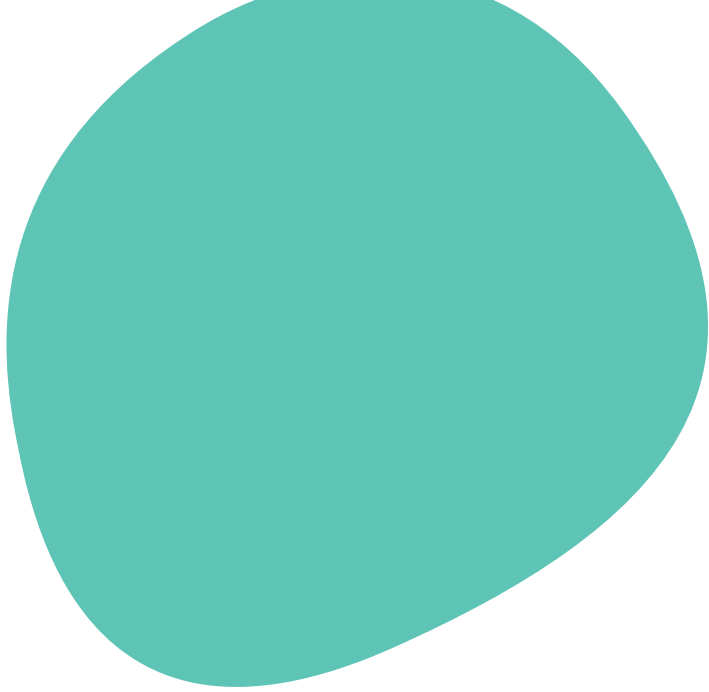
### **Obligations Under "A" - Integrated Environmental Permits and Environmental Protection Elaborates**

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:

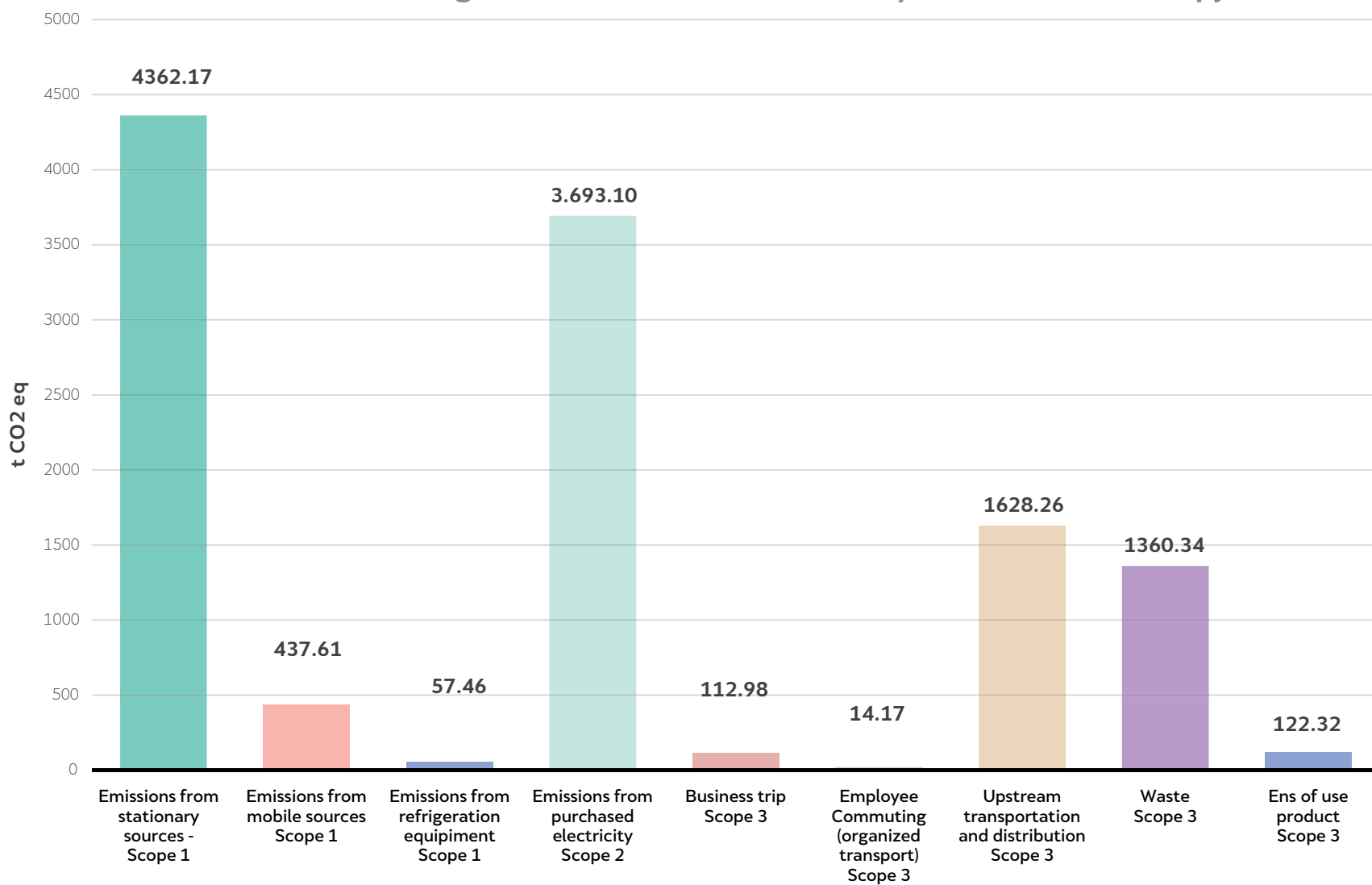
- Category 4 - transport serviced by a third party
- Category 5 - emissions from the treatment of waste generated on our sites
- Category 6 - business trips
- Category 7 - employee commute to work and back
- Category 12 - waste treatment emissions generated from product end-of-life waste.

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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:

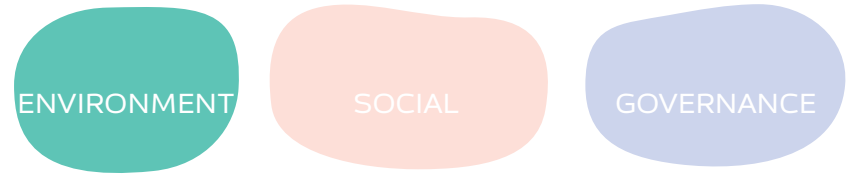
- C1: Emission point from the Chemicals Manufacturing program

**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**



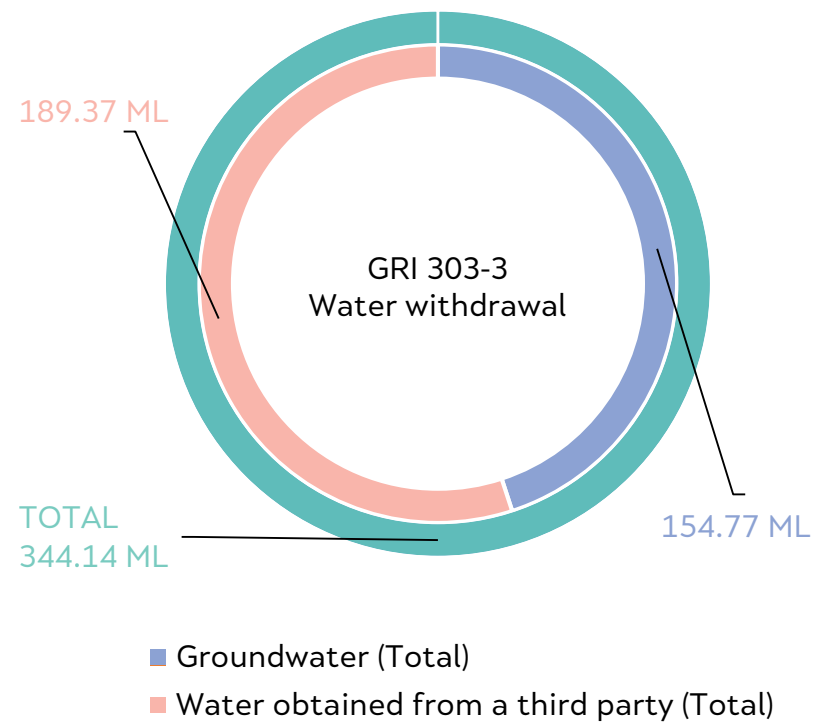
## WATER AND EFFLUENTS

(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:**

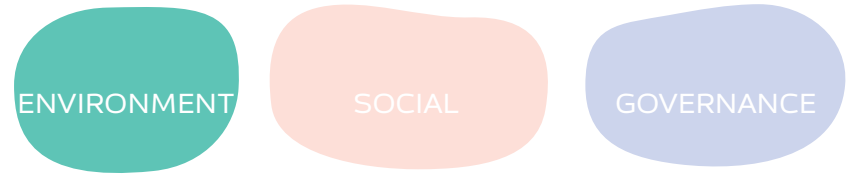
- GRI 303-3 - water withdrawal



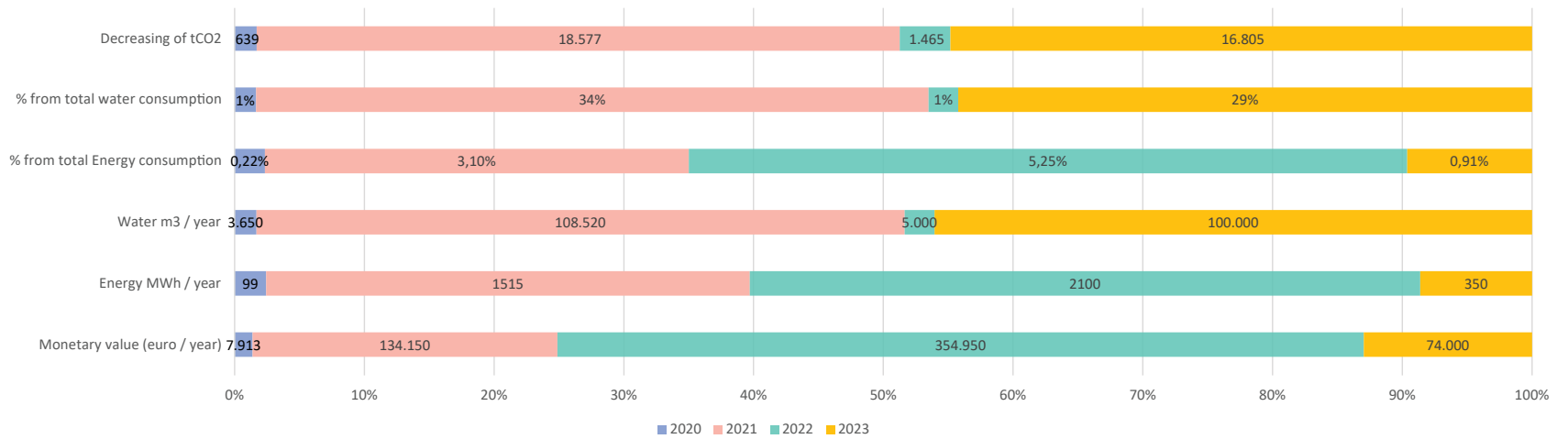
• **Energy Balance Sheet**

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

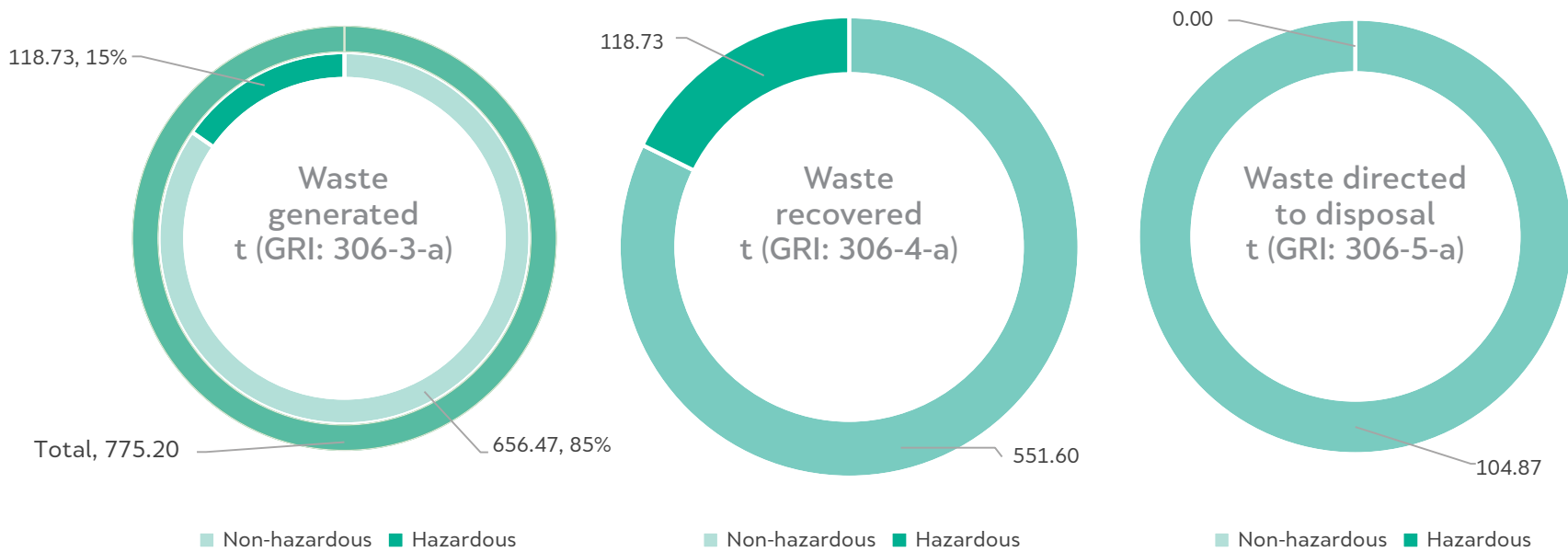
(Reporting is based on GRI 306)

- 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.

”

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

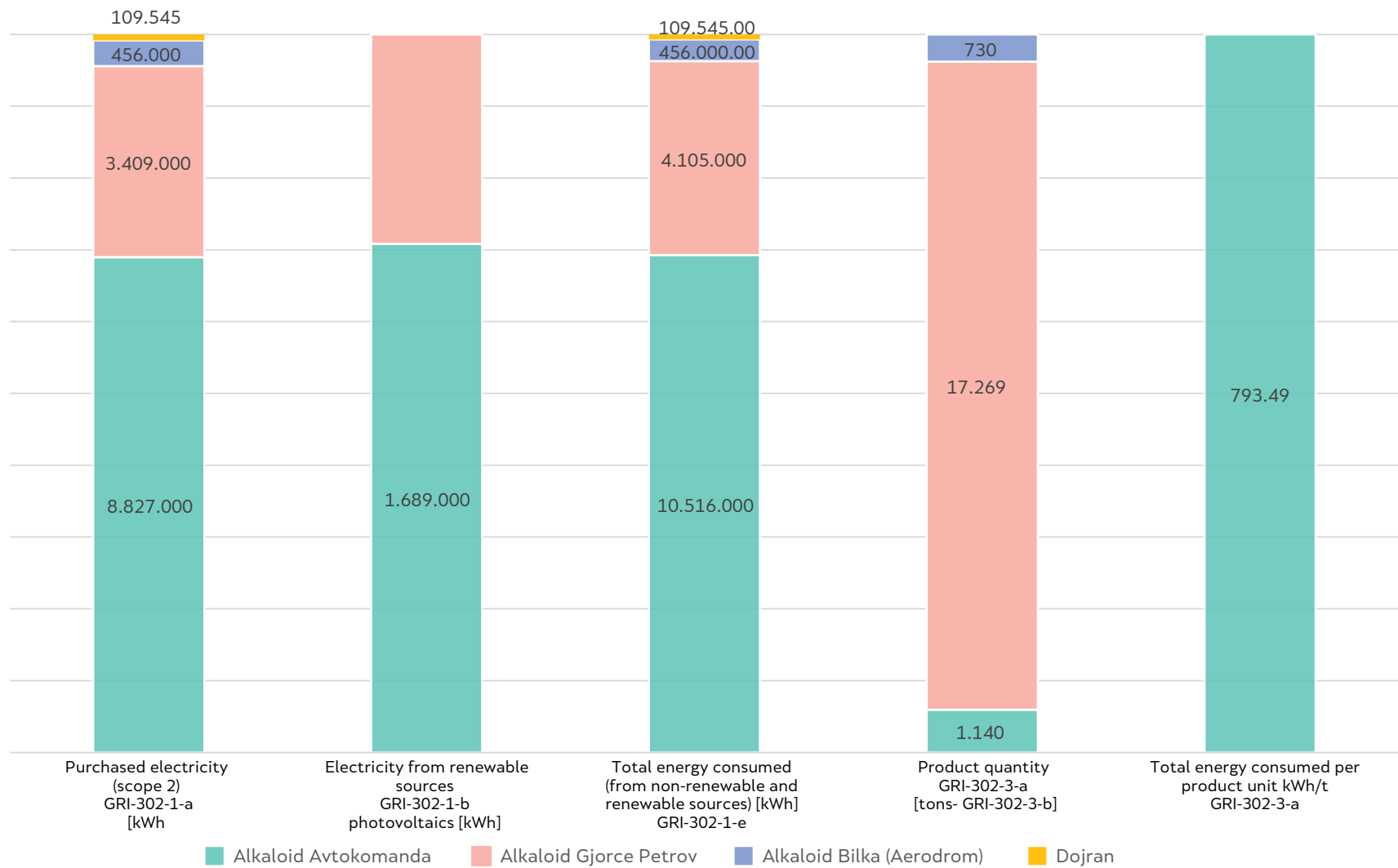
(Reporting is based on GRI 302)

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.

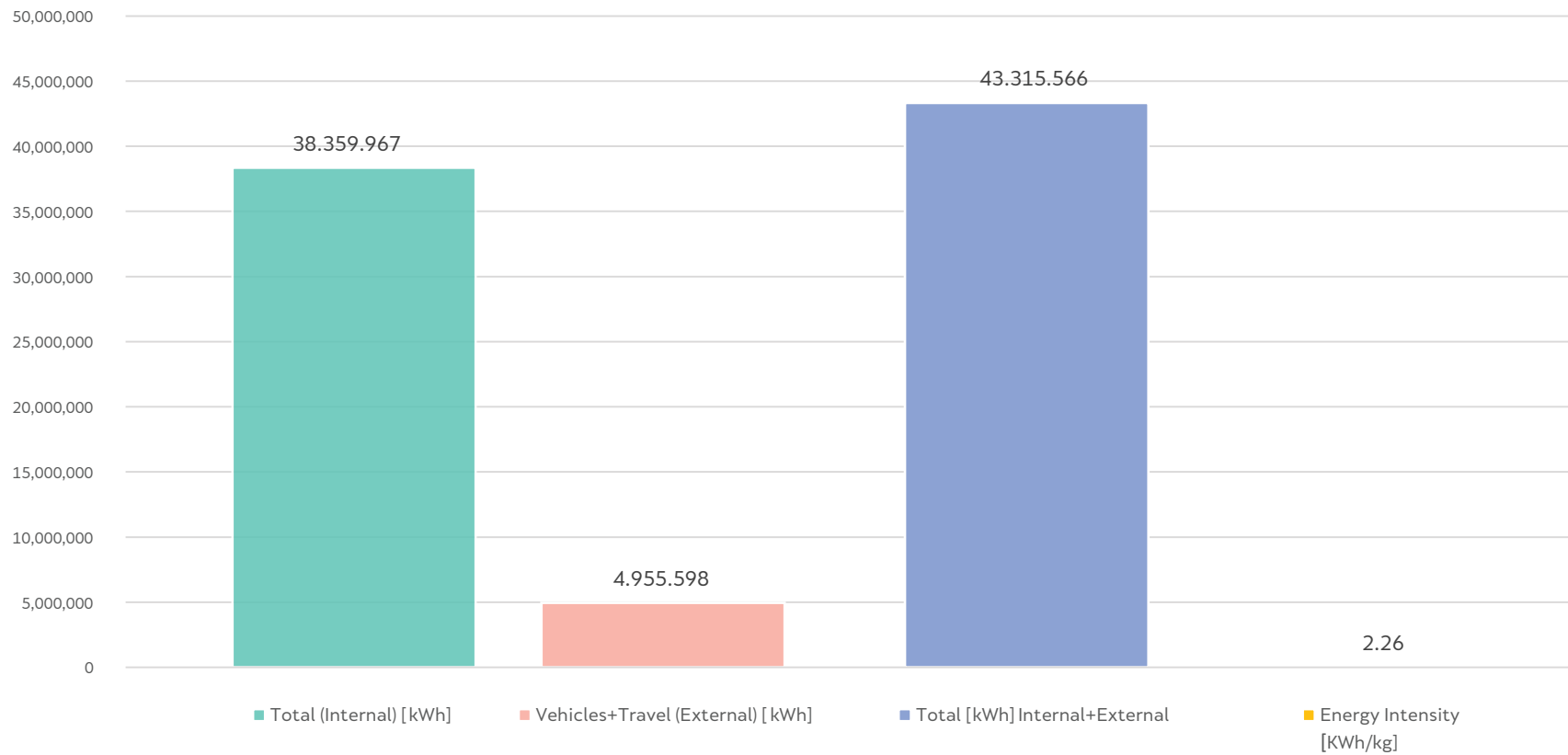
- GRI 302-1 – Energy consumption within the company
- GRI 302-3 – Energy intensity
- GRI 302-4 – Reduction of energy consumption



## Energy consumption from non-renewable and renewable sources



## Total Fuel and Energy Efficiency

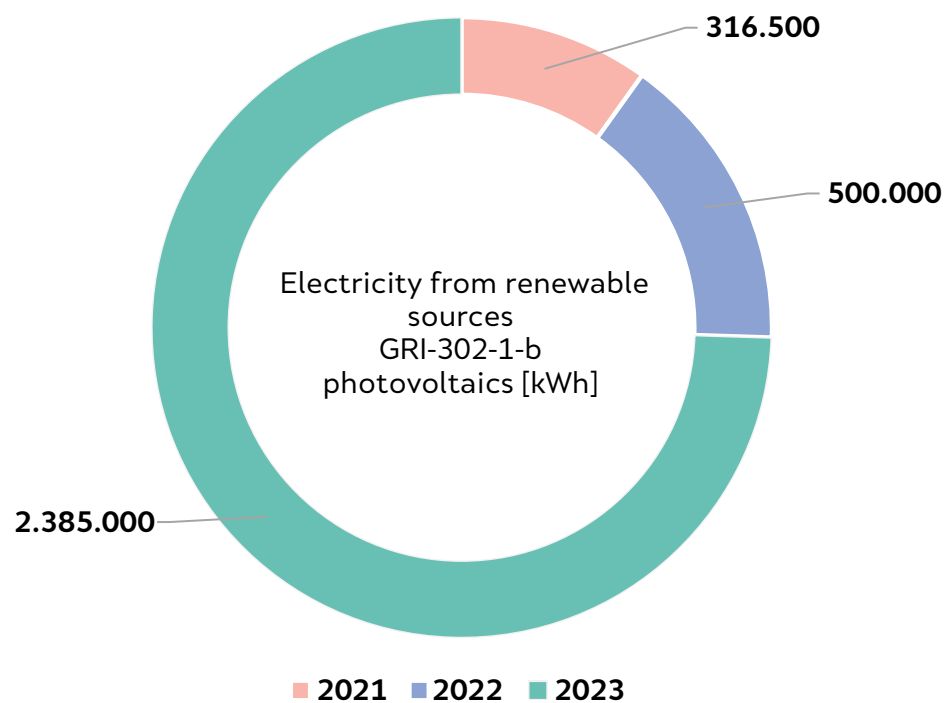


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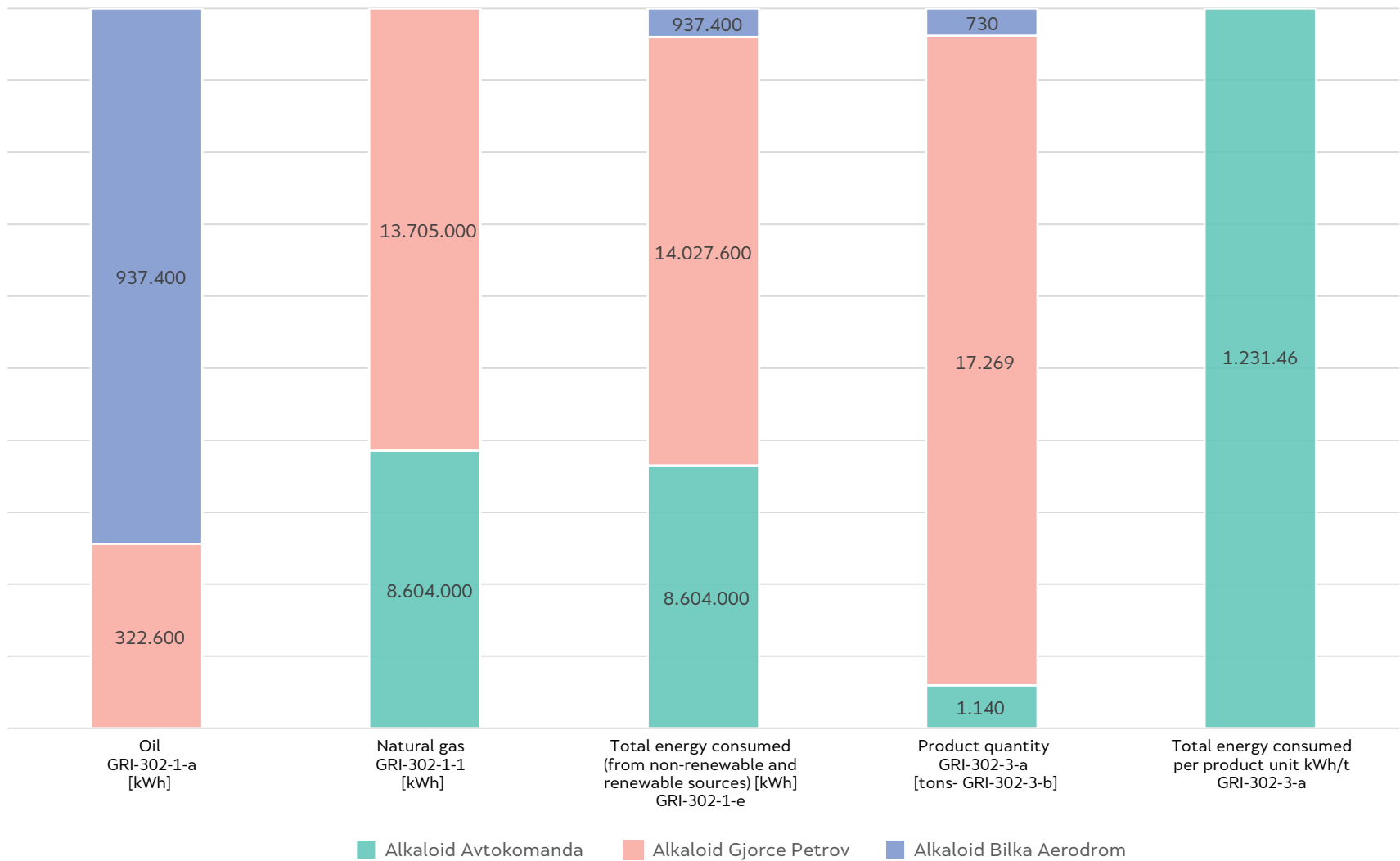
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### Electricity from renewable sources GRI-302-1-b photovoltaics [kWh]



## Energy Consumption for Heating 2023



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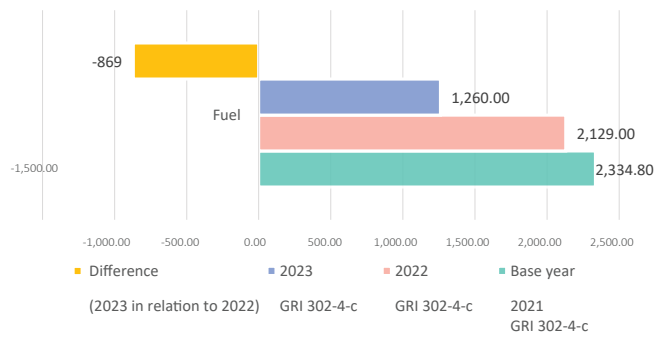
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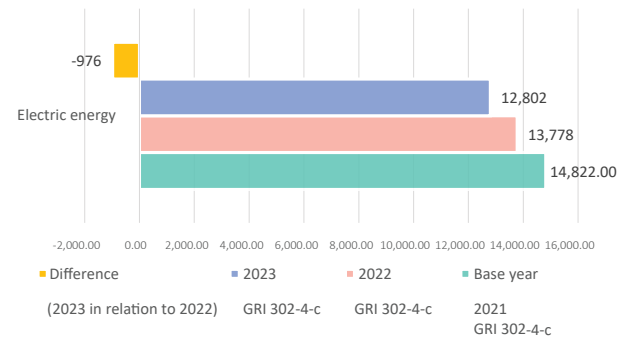


## Amount of energy consumption reduction

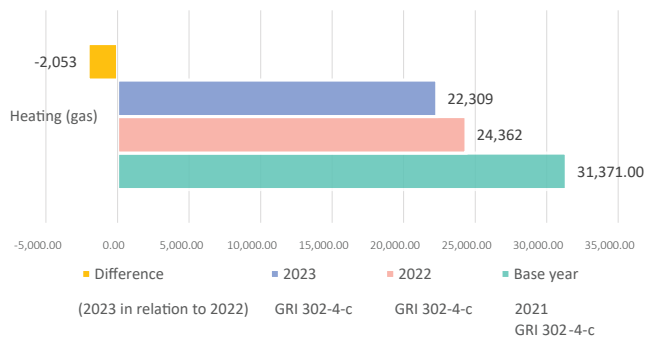
Amount of fuel consumption reductions  
**GRI 302-4-a**



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



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



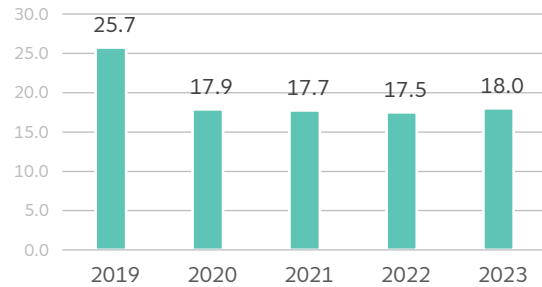
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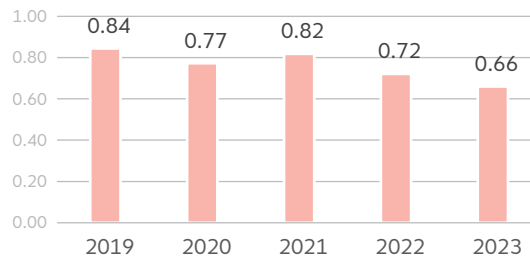
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## Energy intensity

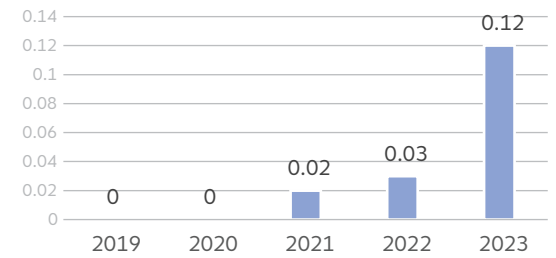
Water resource intensity [m<sup>3</sup>/t]



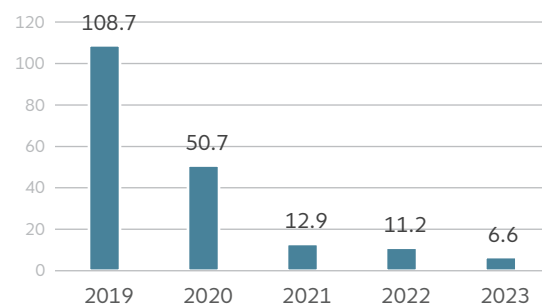
Electricity intensity (purchased) [MWh/t]



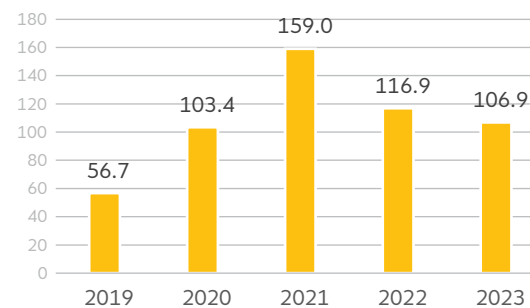
Electricity intensity (direct renewable) [MWh/t]



Liquid fuel intensity [l/t]



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





The background of the slide features a blurred, low-angle photograph of three business professionals in a bright, hazy environment, likely a sunset or sunrise. The individuals are silhouetted against the light, with their reflections visible on the ground. One person on the left is standing and looking at a document, while two others are in motion, walking or running across the frame from left to right. A large, semi-transparent pink oval is overlaid on the right side of the image, containing the text 'IV. Social'.

IV.  
Social

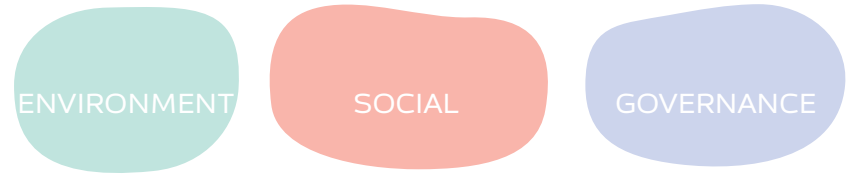


Our company dedicates significant energy and resources to employee welfare and various socially significant projects, driven by our core belief that people are above all.

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

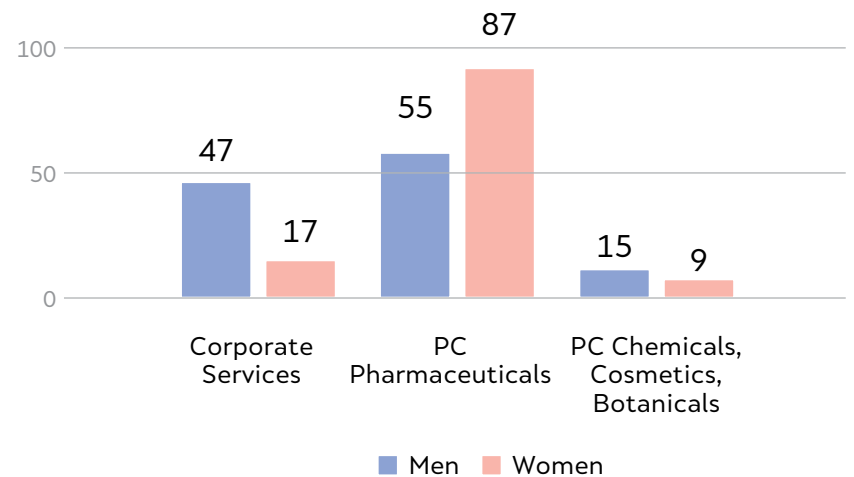




### Employees and the Process of Recruitment and Selection

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**

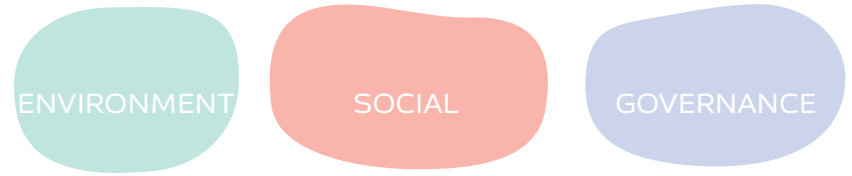


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Presently, the company employs 2103 individuals in ALKALOID AD Skopje, 52 in its subsidiary companies in the country and 688 in its subsidiary companies abroad.

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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.

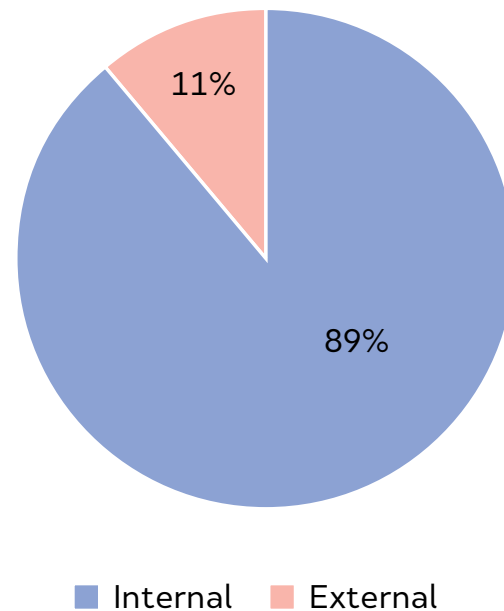


## Employee Training and Development

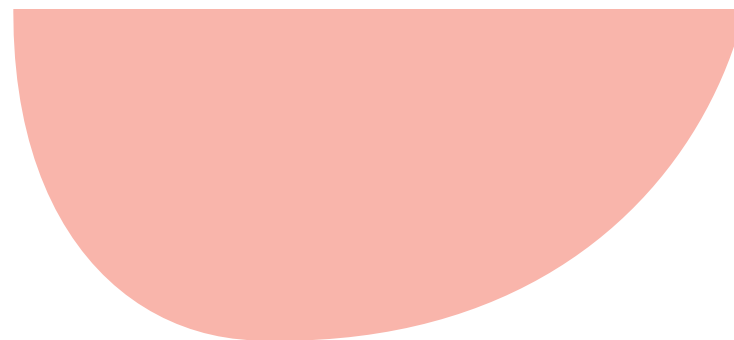
**A**t ALKALOID, we nurture a culture of ongoing investment in the training and development of our employees, striving to enhance and refine their knowledge, skills, and competencies. Our mission is to facilitate continuous career growth and advancement for all our staff while staying abreast of the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

“



### 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.



АЛКАЛОИД  
СКОПЈЕ

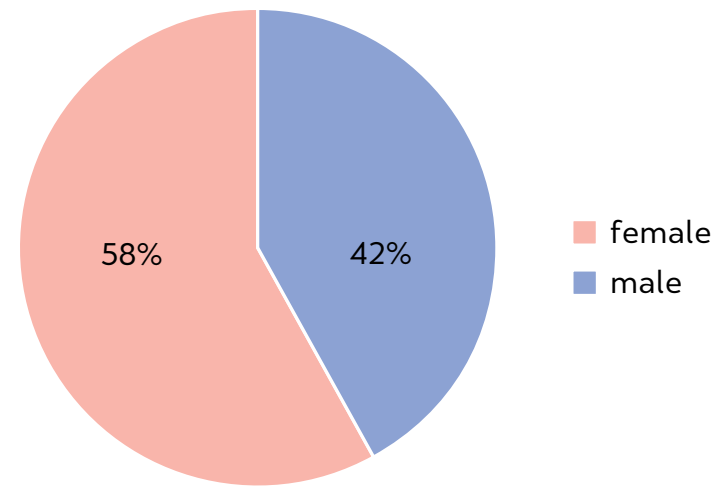
*Зграјето пред се*

### Fair Treatment for All Employees

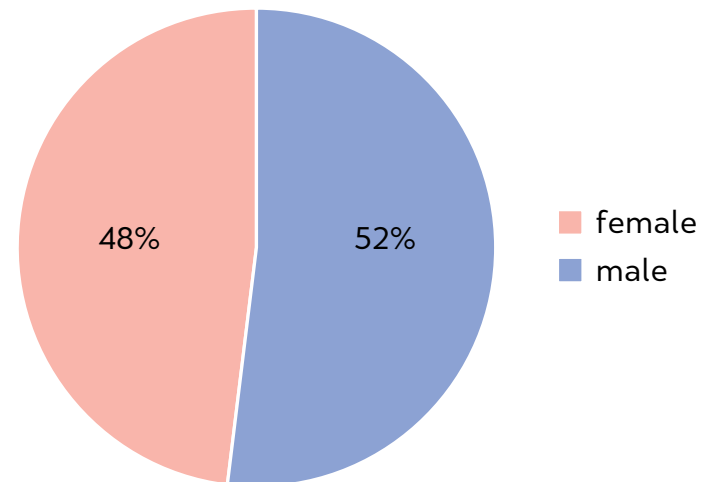
In all our interactions, whether in everyday communication or in the selection of associates, partners, job candidates, clients, and employees, we uphold a non-discrimination policy on any basis. Aligned with our core values, we embrace diversity with respect and empathy, regardless of origin, national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

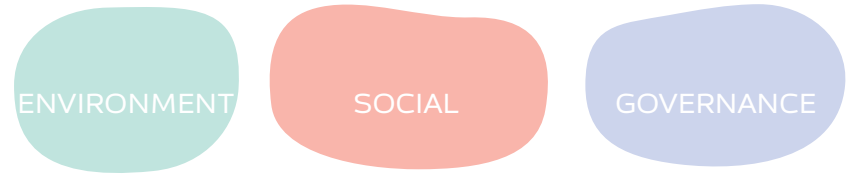
We adhere to an equal opportunity and equal treatment policy for all employees, fostering an environment where every individual can showcase their talents and contribute to the company's success. We view the diversity of perspectives as an asset in our daily operations.

Gender structure in ALKALOID AD Skopje

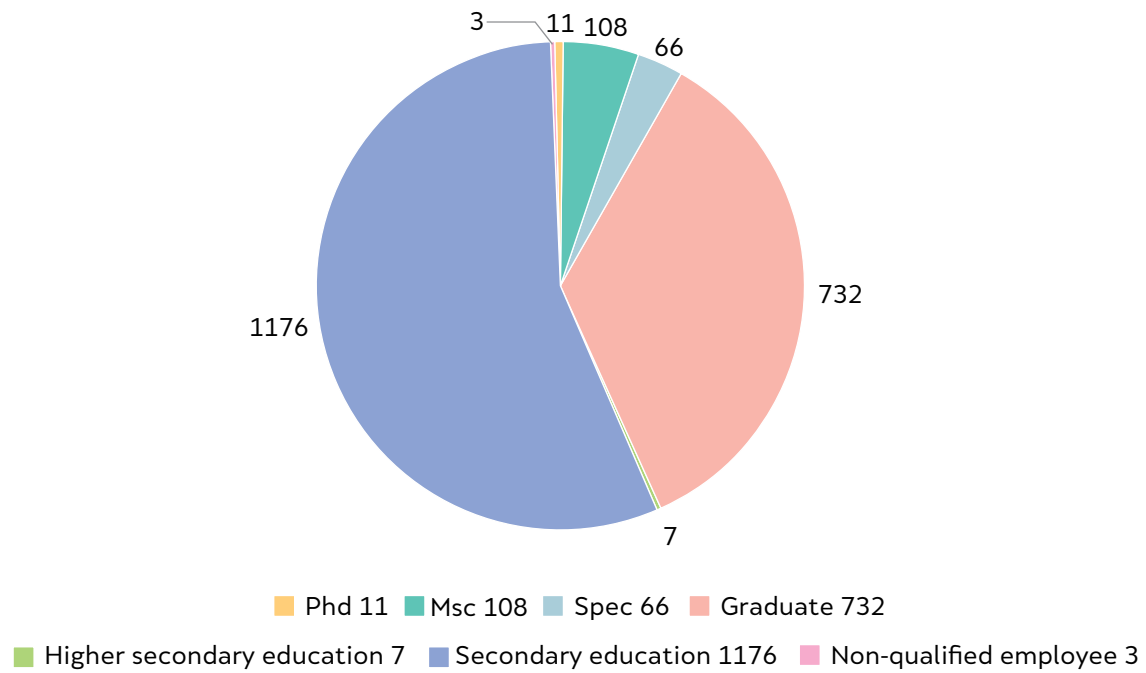


Gender structure of head positions in ALKALOID AD Skopje





**Employee Qualification Structure at ALKALOID AD**



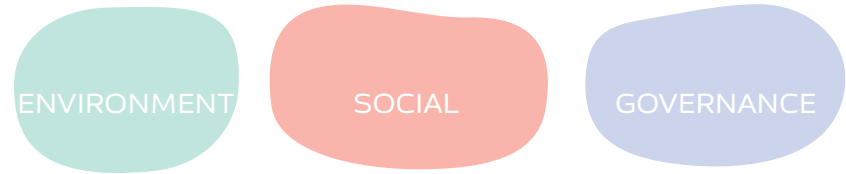
## Safety and health at work

### **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	<b>2405</b>
Number of conducted OSH trainings for employees	300	<b>202</b>
Number of conducted first aid trainings for employees	45	<b>167</b>
Number of completed fire and explosion protection trainings for employees	610	<b>1073</b>

### **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 100 % 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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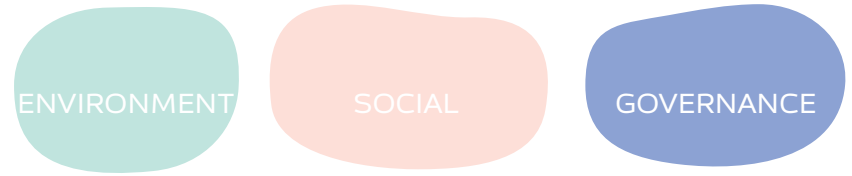


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## Corporate Governance

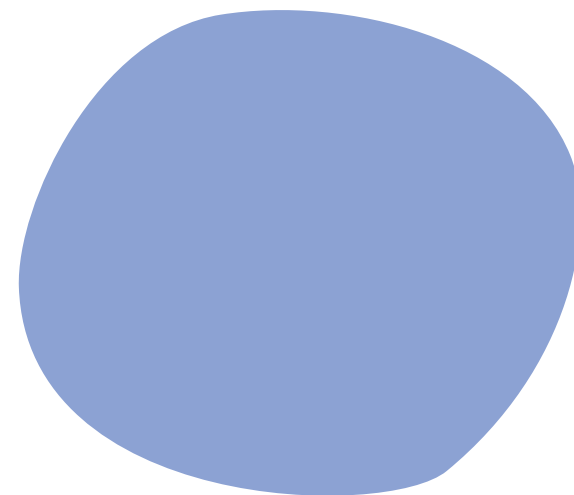
In 2023, ALKALOID continued implementing the basic principles of good corporate governance, as outlined in its Statute and other internal company documents. These practices were integrated into the corporate system and disseminated to each organizational unit.

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

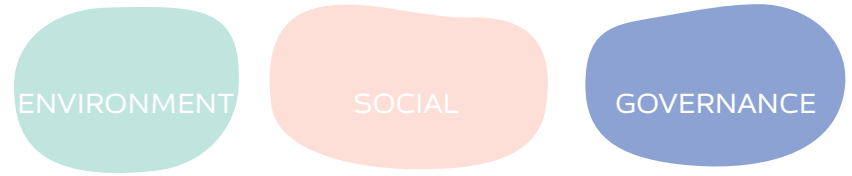


Abiding by the Rulebook on Shareholder Relations, ALKALOID reaffirmed its commitment to engaging and collaborating with its shareholders. The company undertook activities to ensure greater availability, transparency, and protection of shareholders' rights and interests throughout the year, including 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](#)



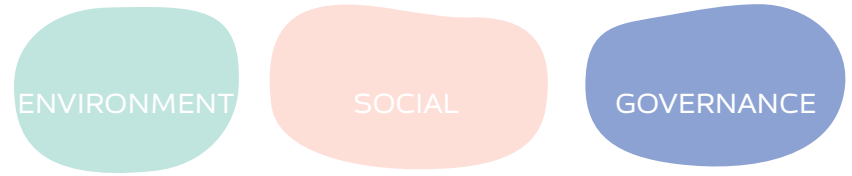


### **Overview of Procedures for Violation of the Code of Ethics and Professional Conduct**

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.





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## 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:

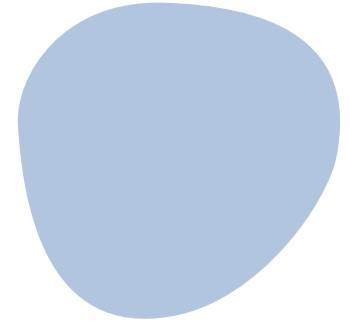
a) Scope, main characteristics, and components of risk management and internal control processes and systems concerning sustainability reporting.

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.



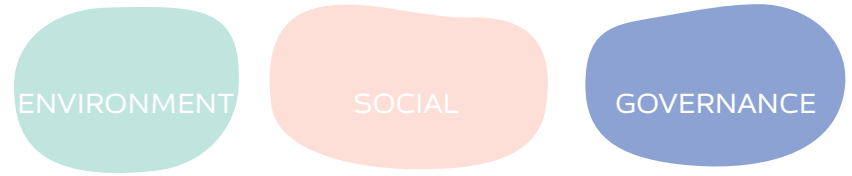
### Continuity of Operations

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.



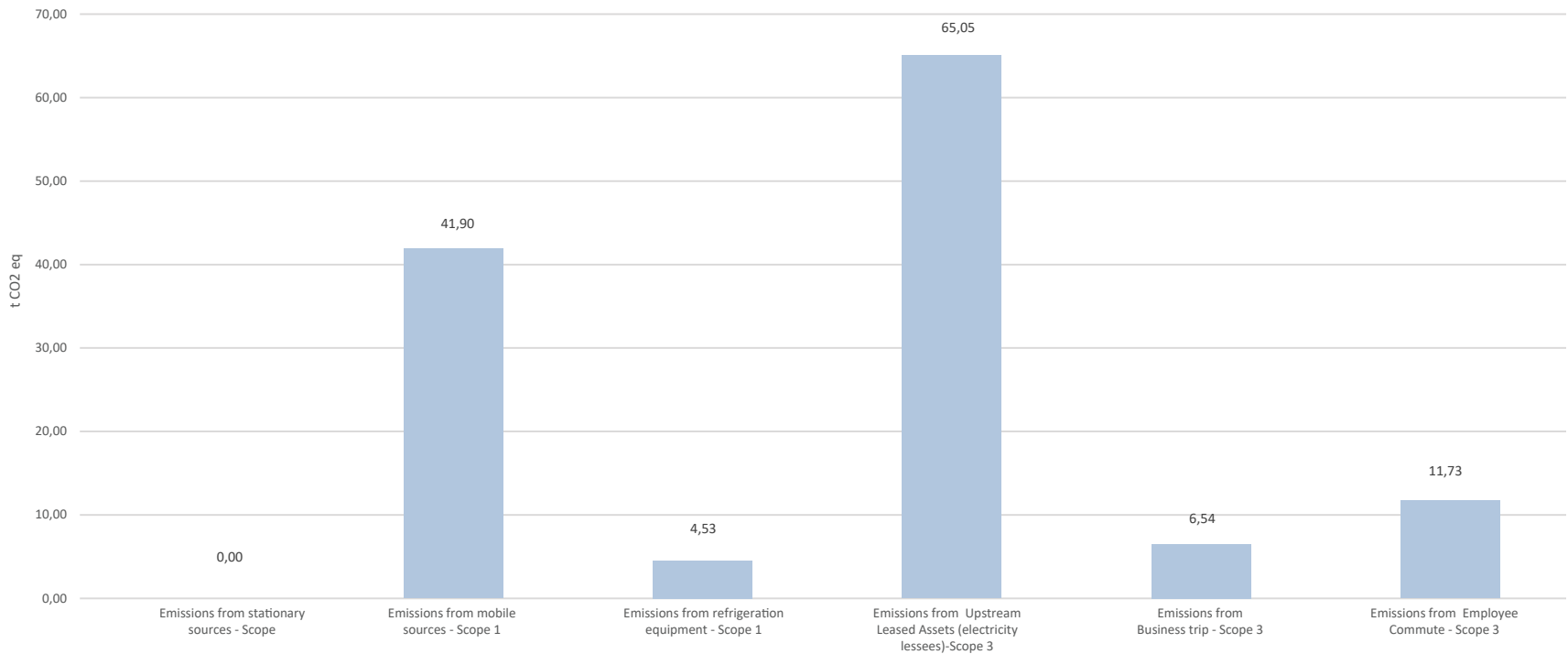
## EMISSIONS

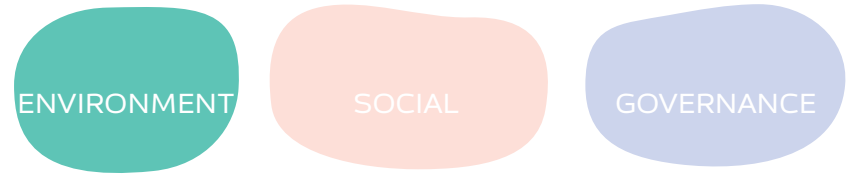
(The notification is made on the basis of GRI 305)

### ALKALOID KONS

Measurement indicators in accordance with the GRI-standards for emissions

Greenhouse gases emitted in 2023 years

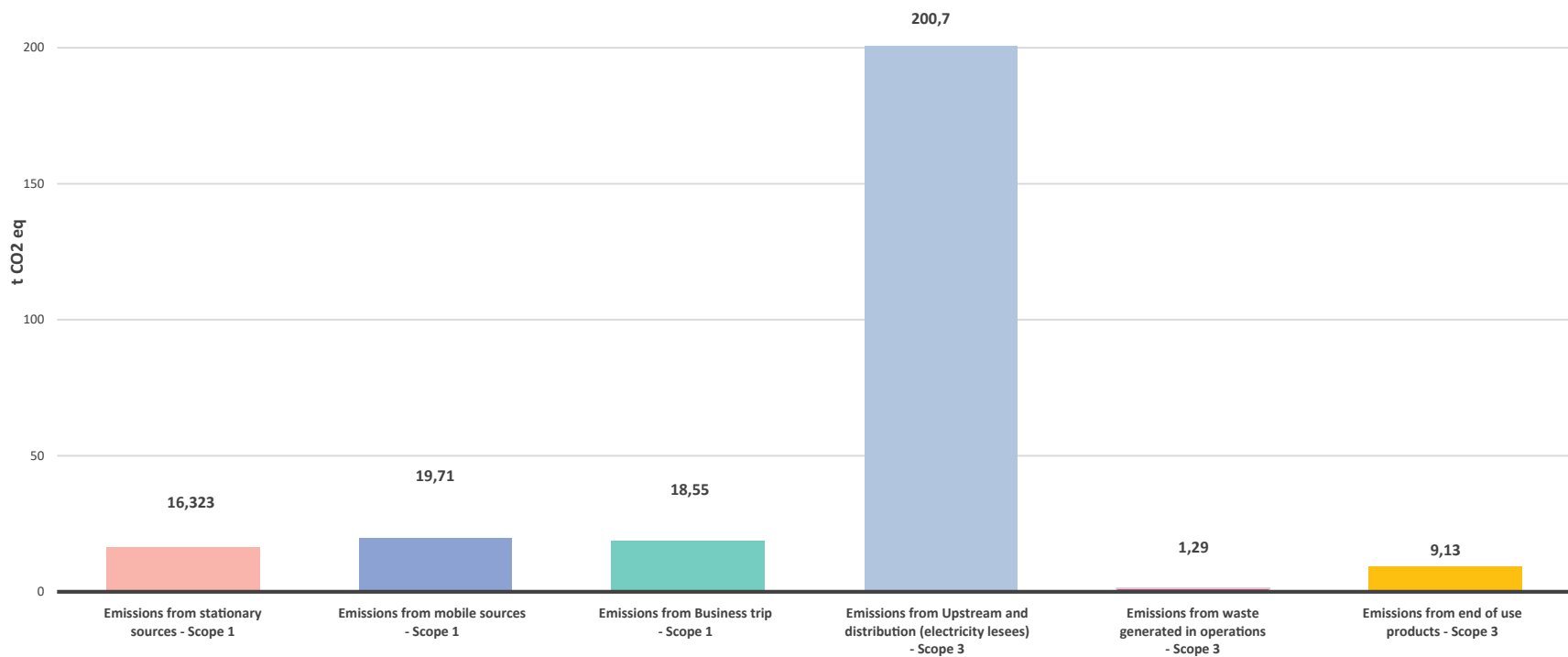




# ALKALOID DOO Belgrade

Measurement indicators in accordance with the GRI-standards for emissions

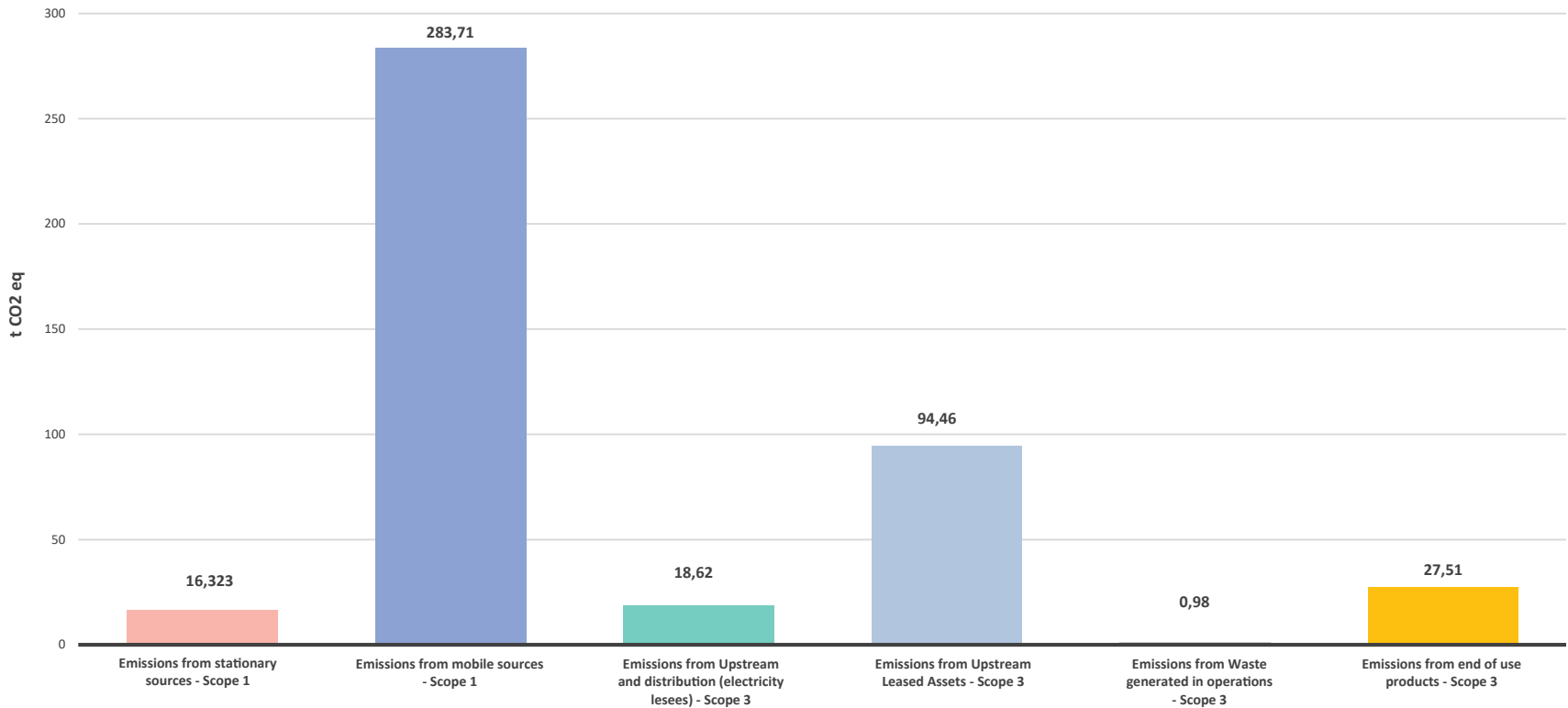
Greenhouse gases emitted in 2023 years

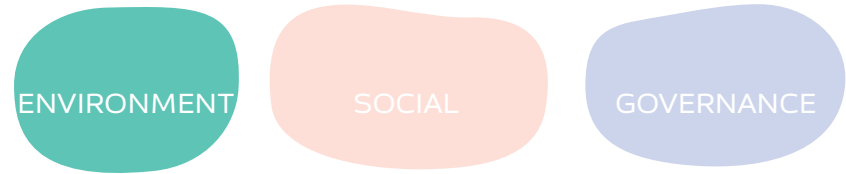


# ALKALOID WHOLESALAS DOO Beograd

Measurement indicators in accordance  
with the GRI-standards for emissions

Greenhouse gases emitted in 2023 years

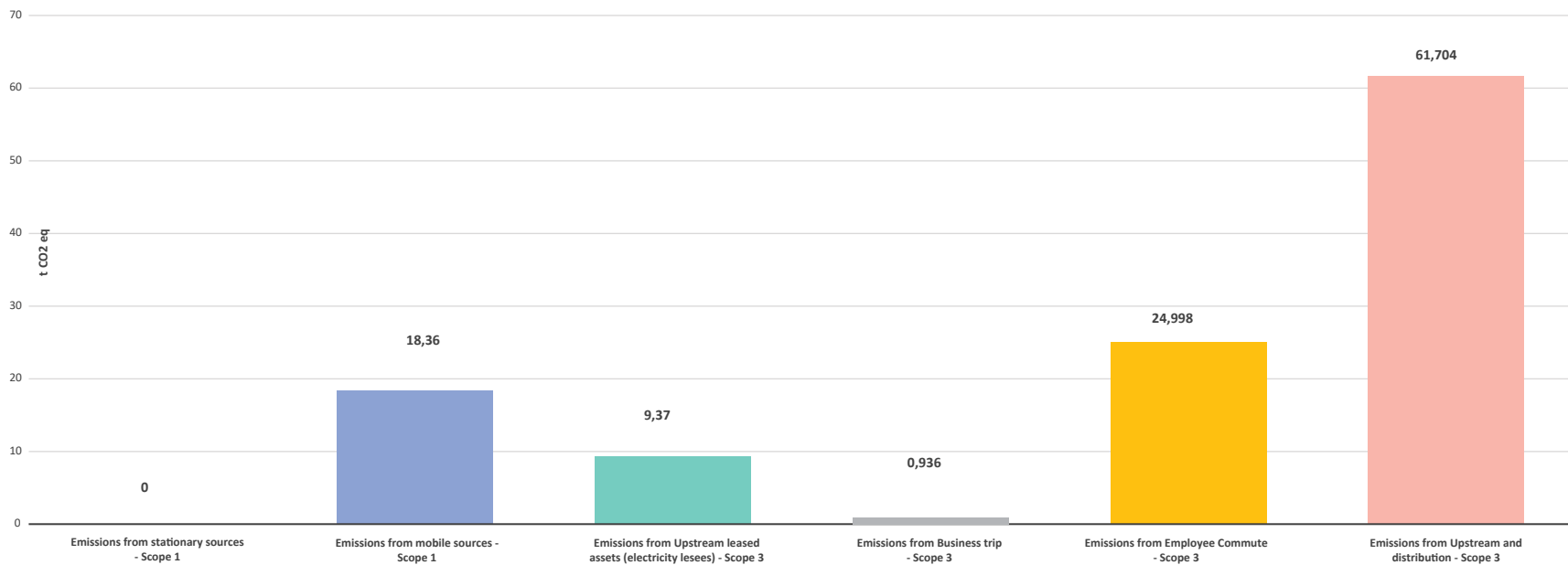




# ALKALOID - INT DOO SLOVENIA

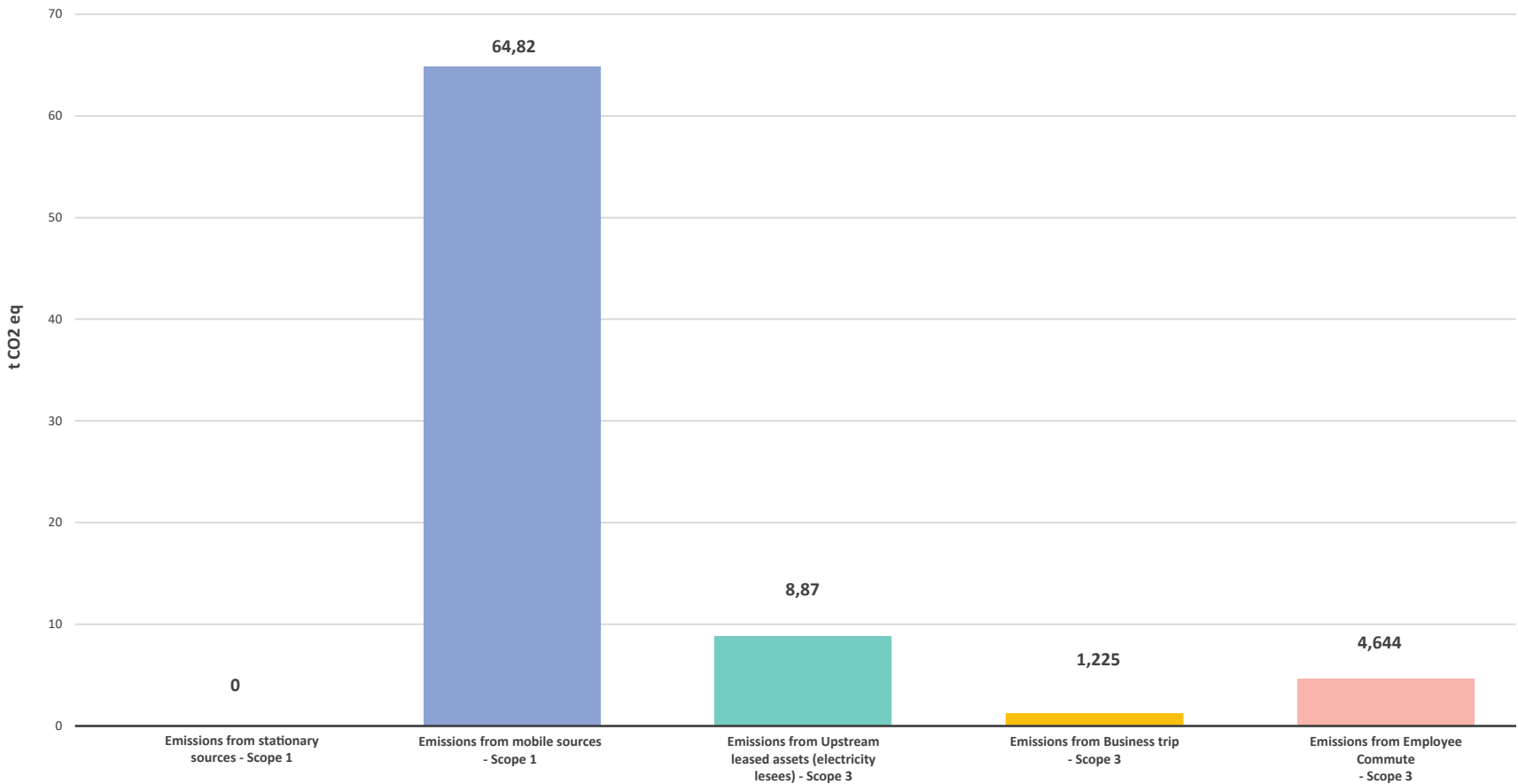
Measurement indicators in accordance with the GRI-standards for emissions

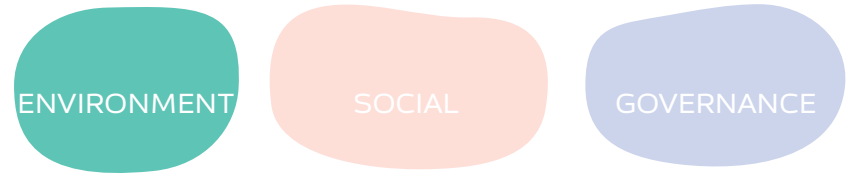
Greenhouse gases emitted in 2023 years



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

Greenhouse gases emitted in 2023 years

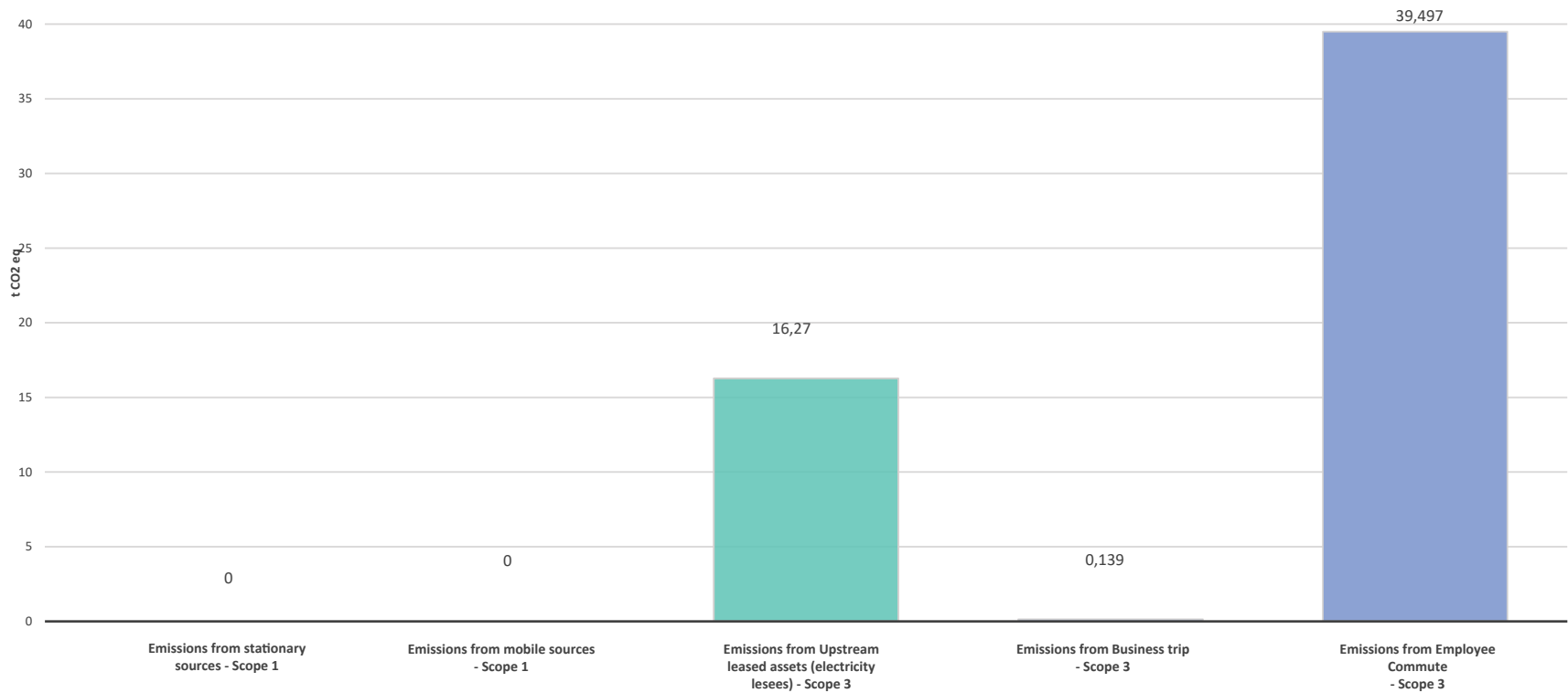




# ALKA-LAB DOO Slovenia

Measurement indicators in accordance with the GRI-standards for emissions

Greenhouse gases emitted in 2023 years

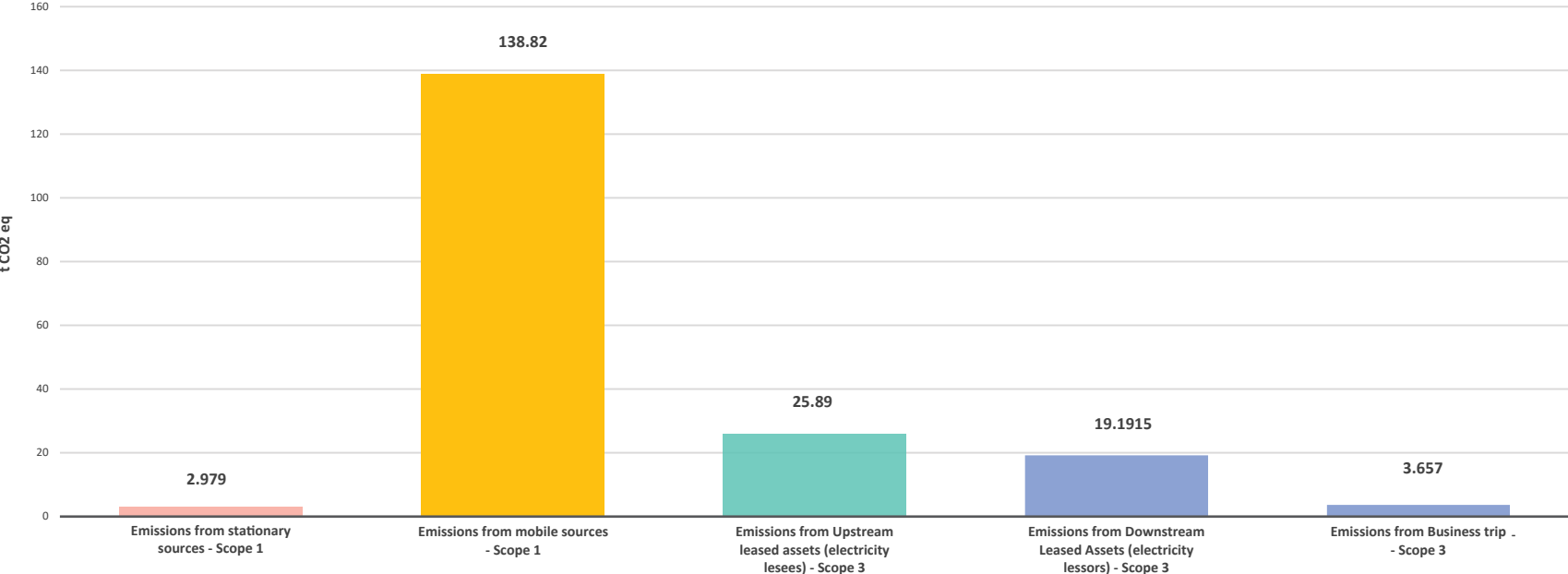


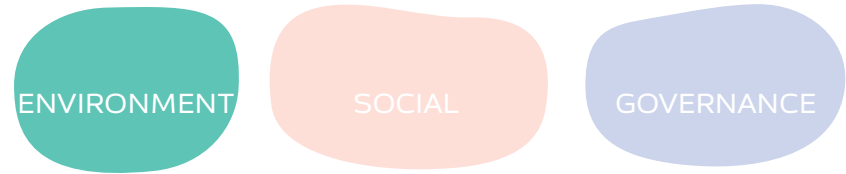


# ALKALOID DOO CROATIA

Measurement indicators in accordance with the GRI-standards for emissions

Greenhouse gases emitted in 2023 years

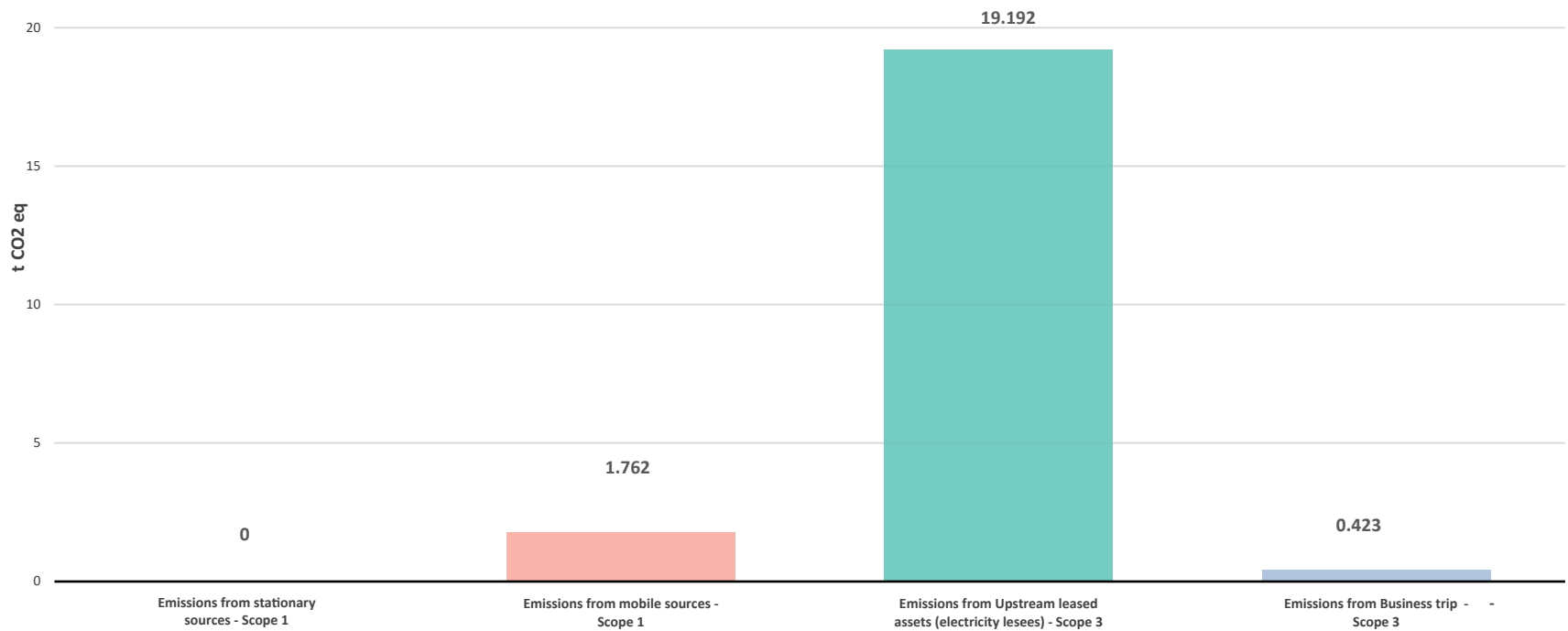




# ALKALOID LGL DOO CROATIA

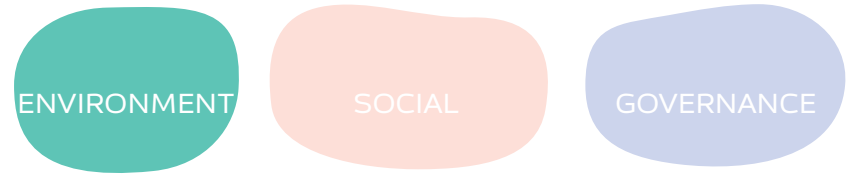
Measurement indicators in accordance with the GRI-standards for emissions

Greenhouse gases emitted in 2023 years



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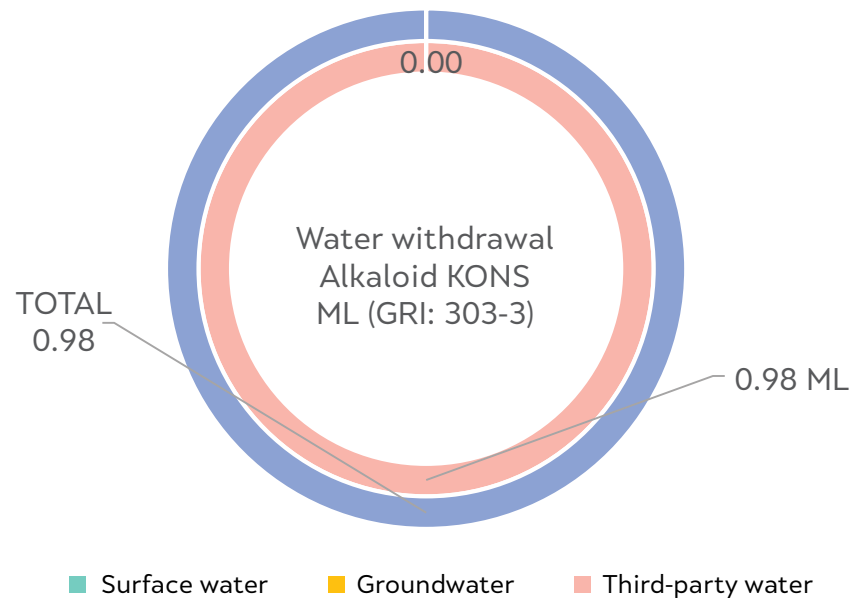


## Water and effluents

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

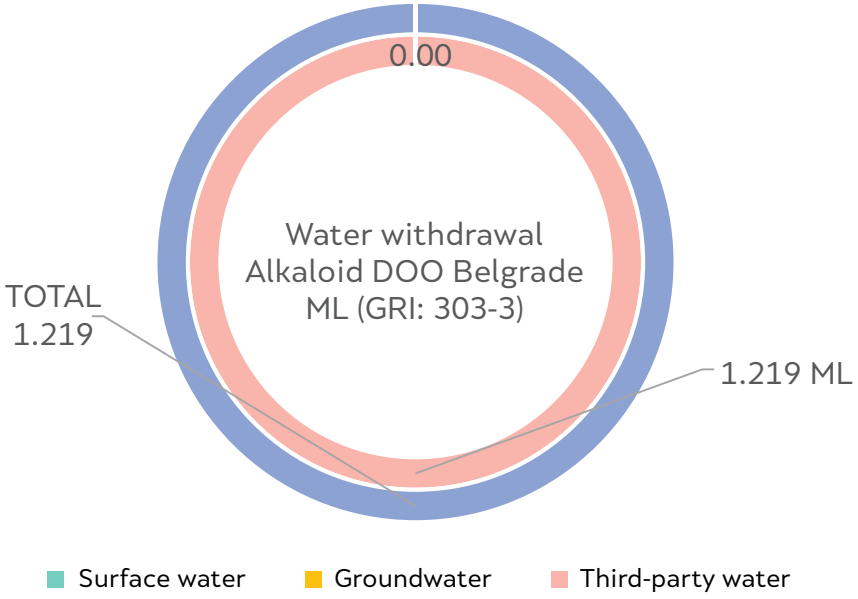
### ALKALOID KONS

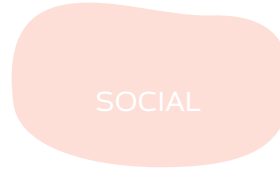
Measurement indicators in accordance with the GRI standards for water and effluents



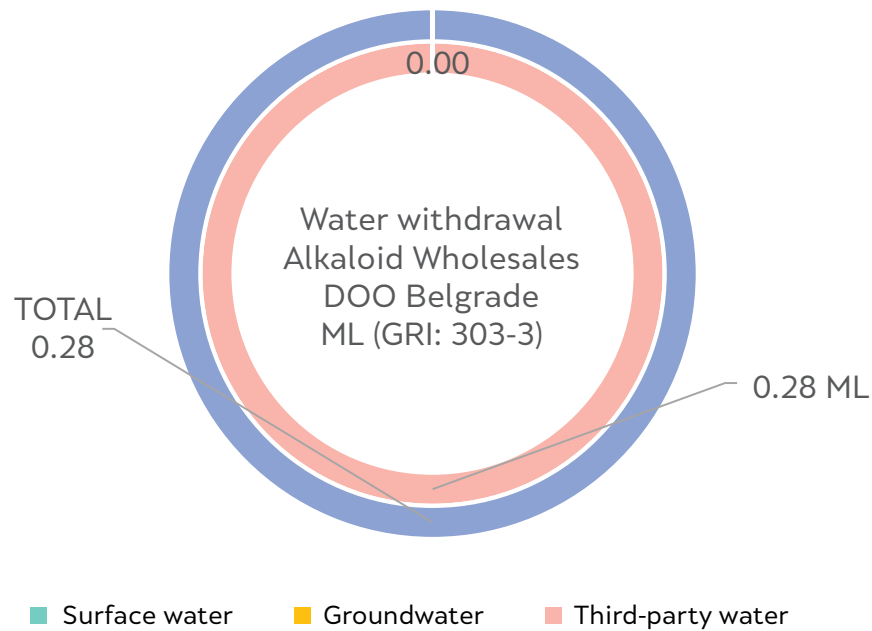
# ALKALOID DOO Belgrade

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



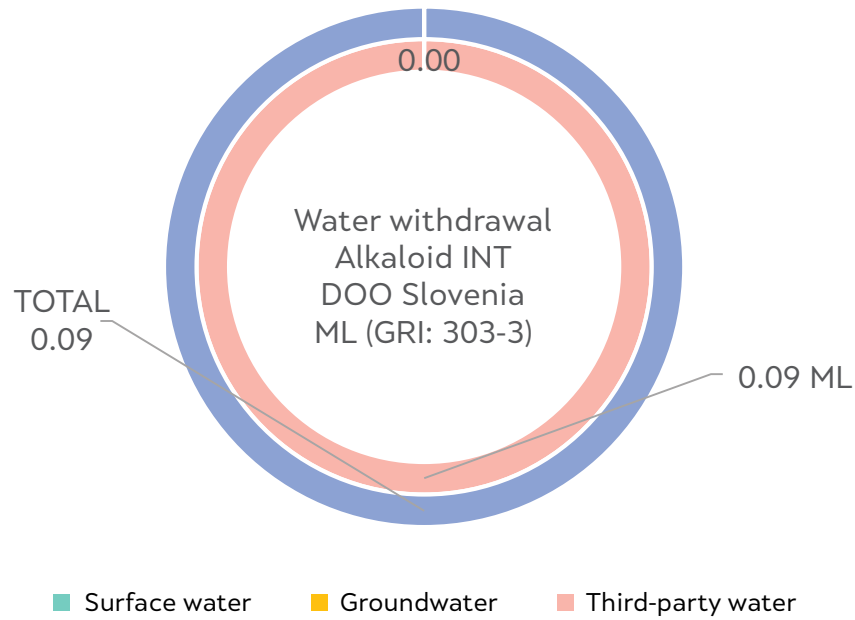


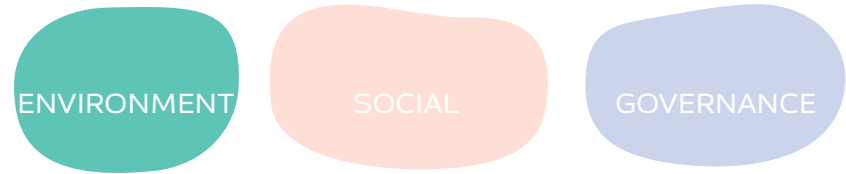
**ALKALOID WHOLESALERS DOO Beograd**  
 Measurement indicators in accordance with the GRI standards for water and effluents



## ALKALOID INT DOO Slovenia

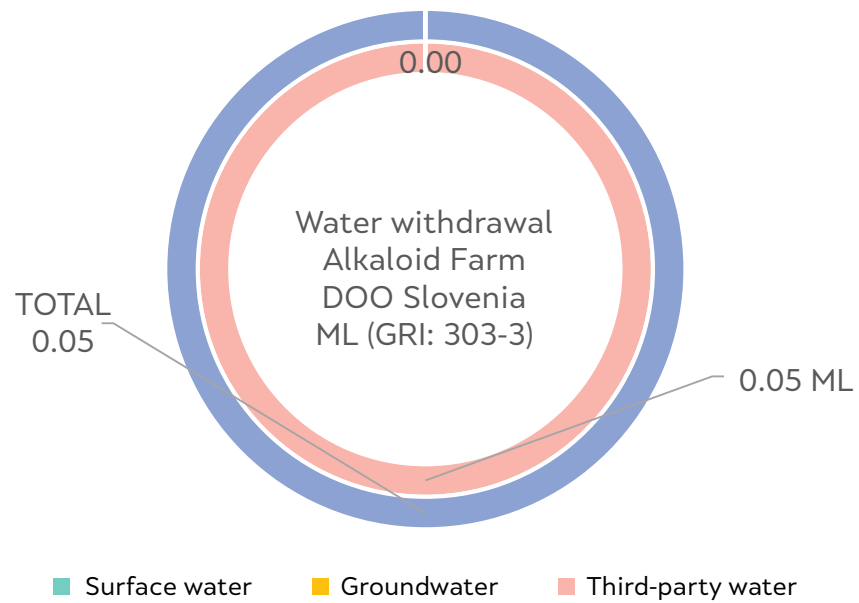
Measurement indicators in accordance with the GRI standards for water and effluents





## ALKALOID FARM DOO Slovenia

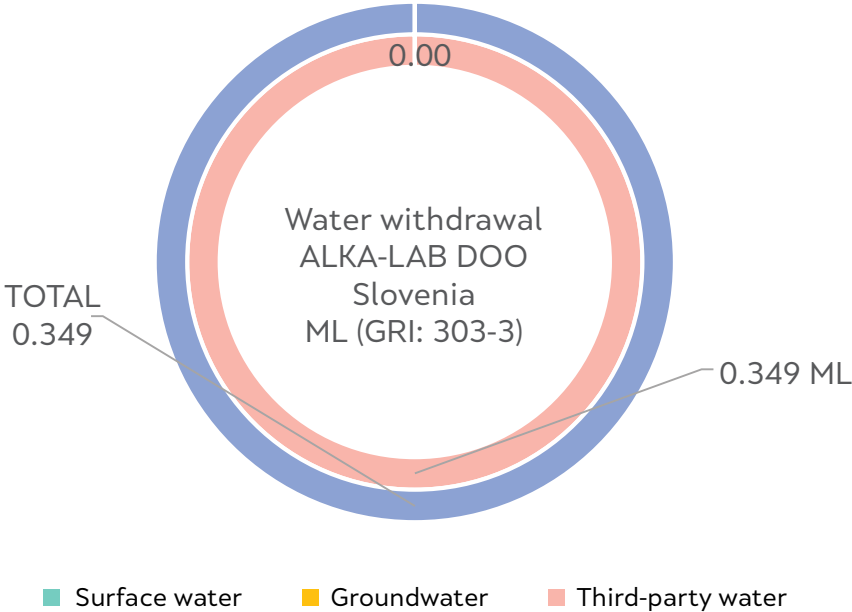
Measurement indicators in accordance with the GRI standards for water and effluents

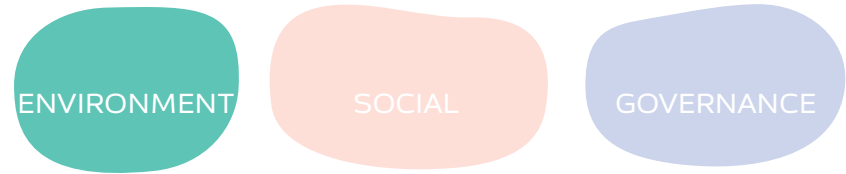




# ALKA-LAB DOO Slovenia

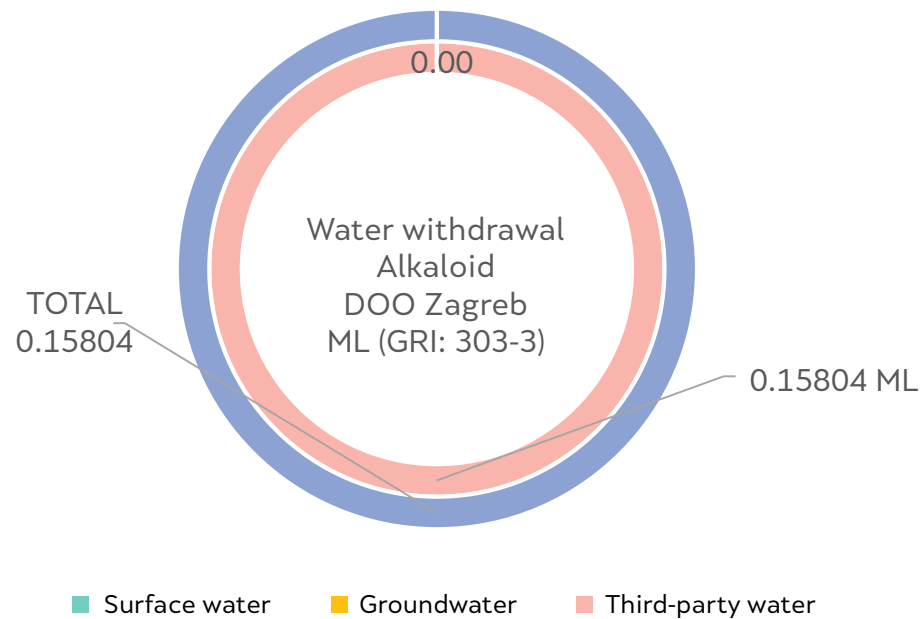
Measurement indicators in accordance with the GRI standards for water and effluents





## ALKALOID DOO Croatia

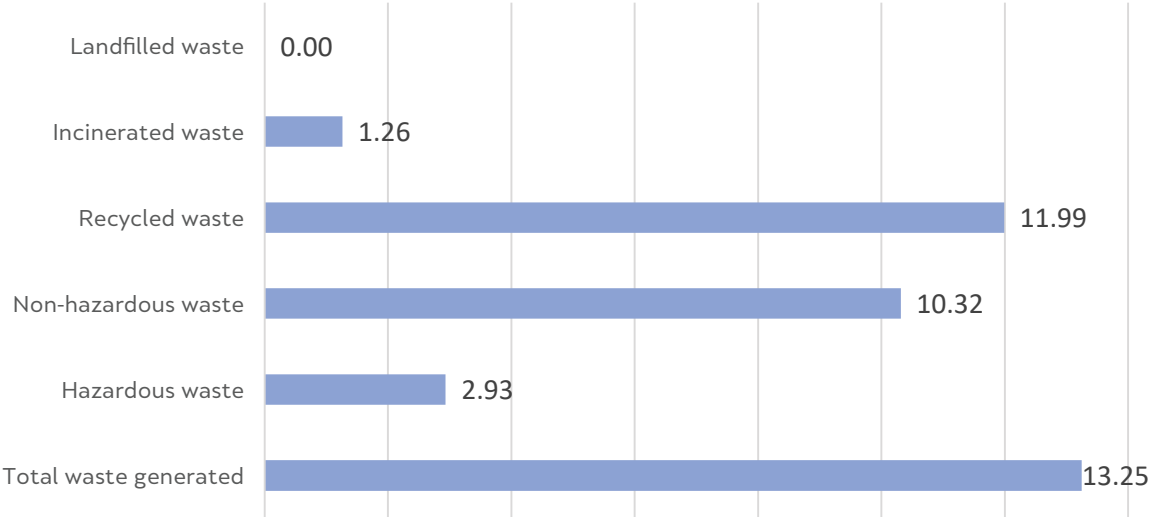
Measurement indicators in accordance with the GRI standards for water and effluents

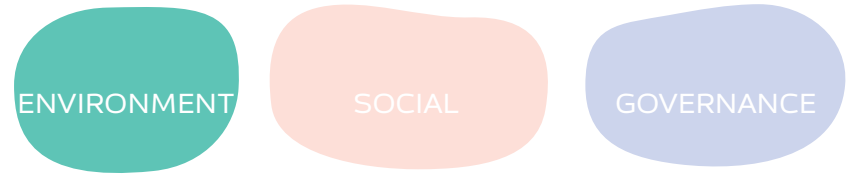


# ALKALOID KONS

Measurement indicators in accordance with the GRI standards for waste

## Total waste generated (t) 2023

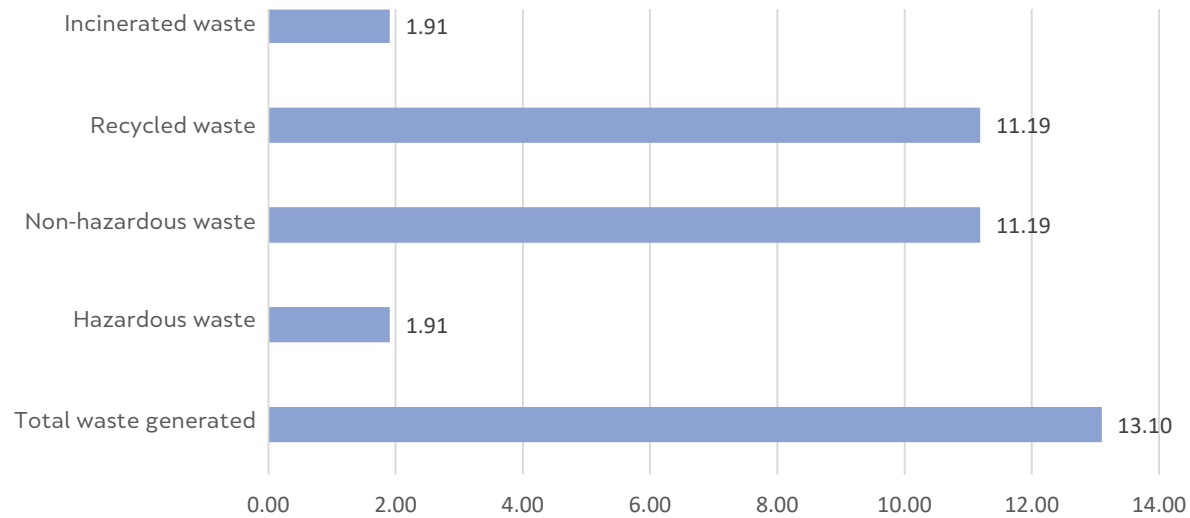




## ALKALOID DOO Belgrade

Measurement indicators in accordance with the GRI standards for waste

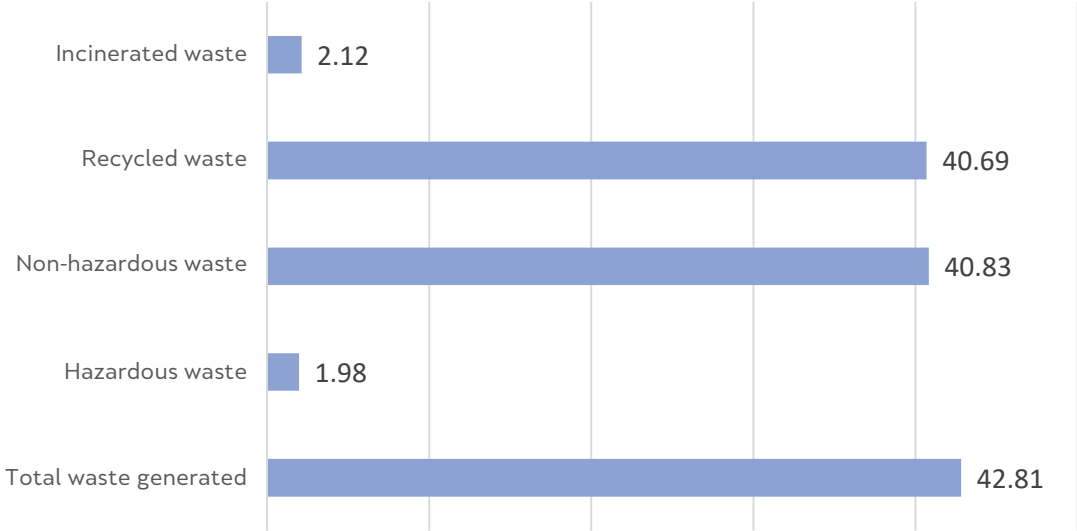
### Total waste generated (t) 2023

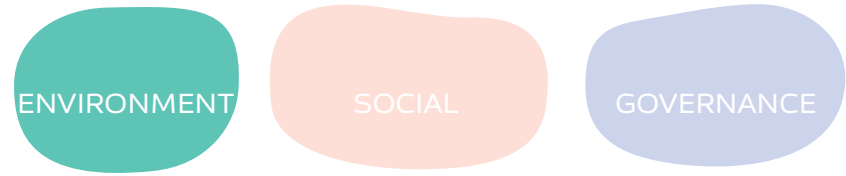


# ALKALOID WHOLESALLES DOO Belgrade

Measurement indicators in accordance with the GRI standards for waste

## Total waste generated (t) 2023

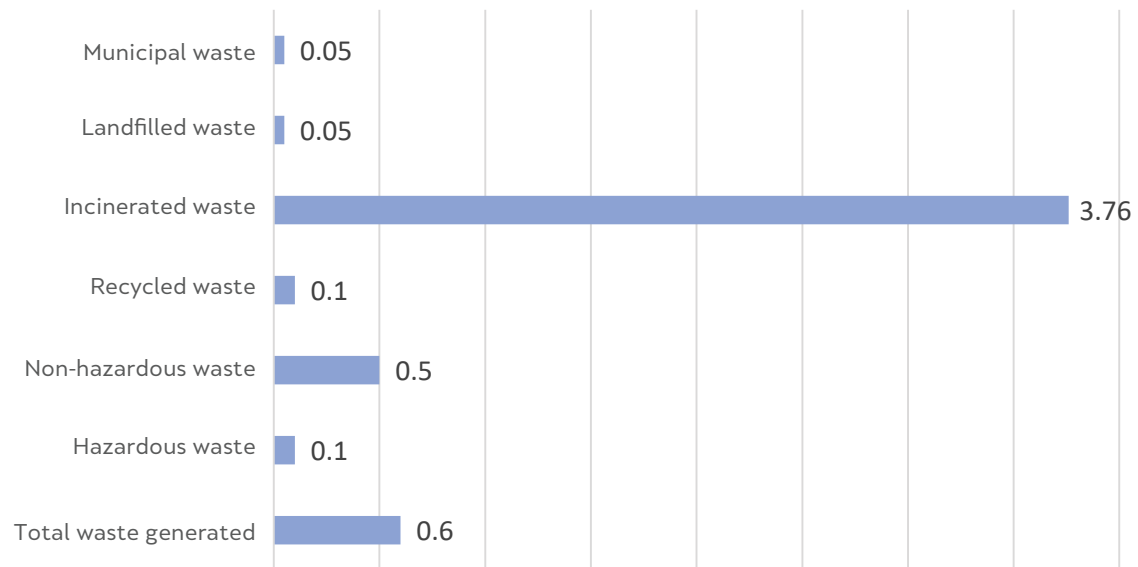




## ALKALOID INT DOO Slovenia

Measurement indicators in accordance with the GRI standards for waste

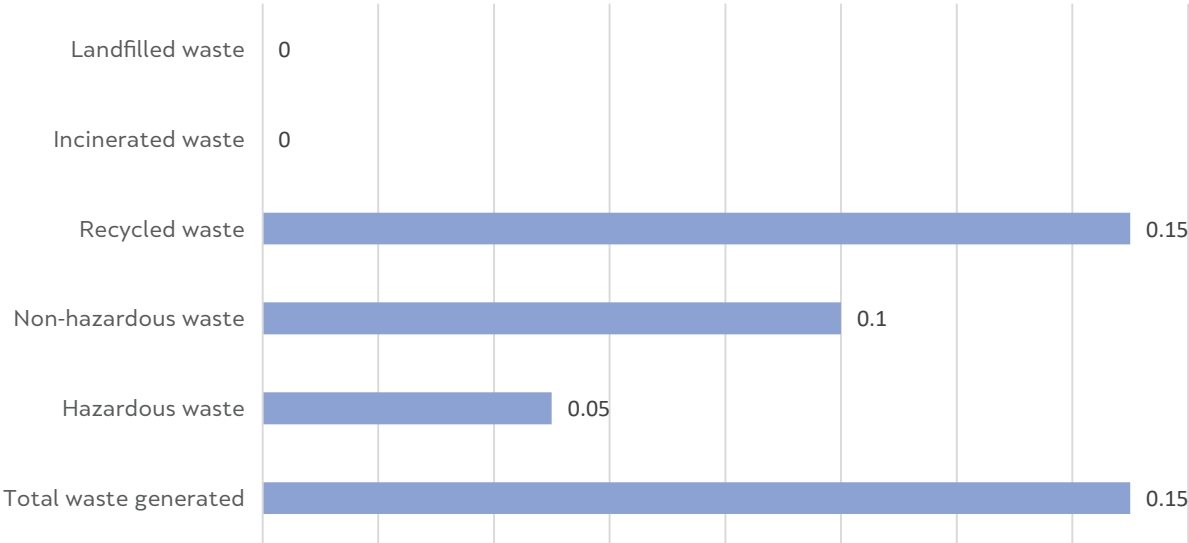
### Total waste generated (t) 2023

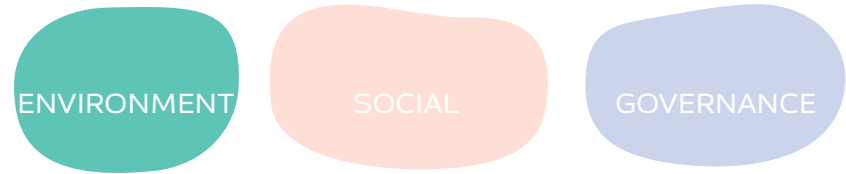


# ALKALOID FARM DOO Slovenia

Measurement indicators in accordance with the GRI standards for waste

## Total waste generated (t) 2023

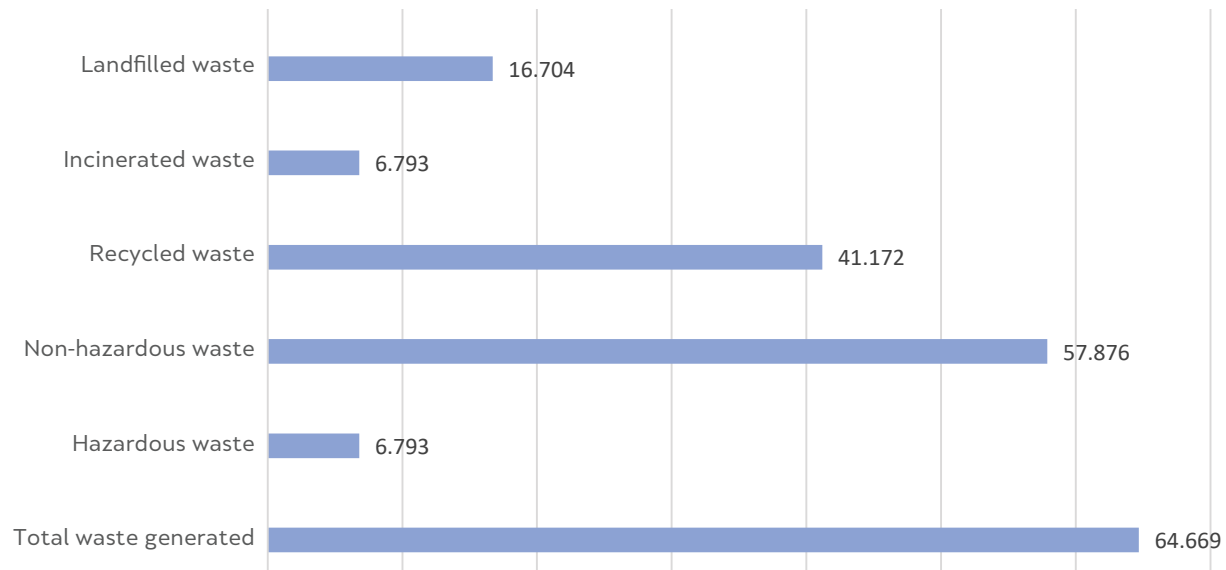




## ALKA-LAB DOO Slovenia

Measurement indicators in accordance with the GRI standards for waste

### Total waste generated (t) 2023 a

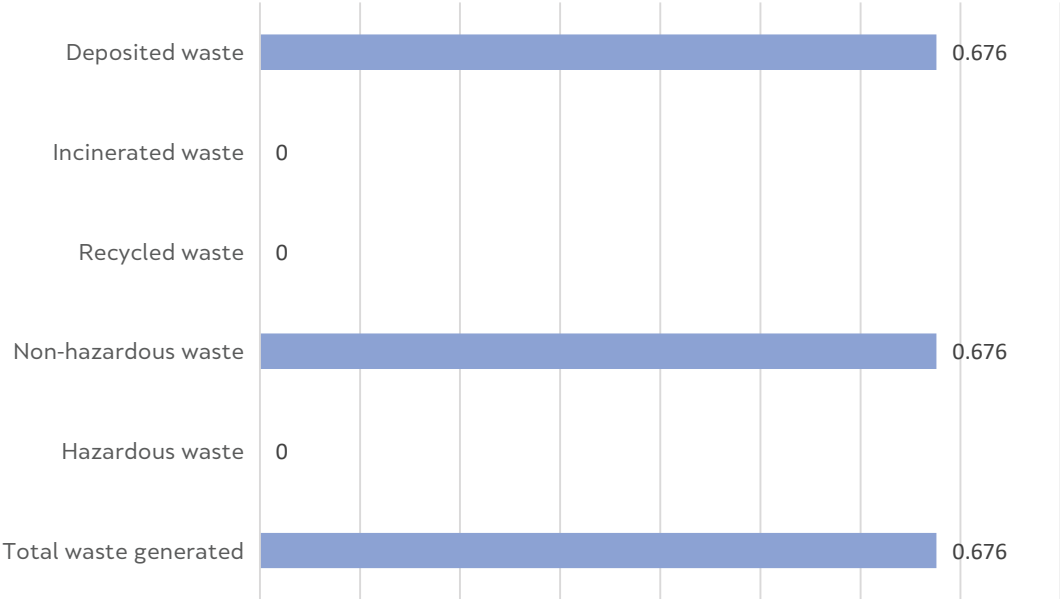


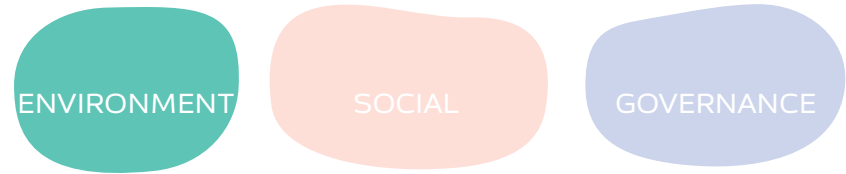


# ALKALOID LGL DOO Zagreb

Measurement indicators in accordance with the GRI standards for waste

## Total waste generated (t) 2023





## Energy

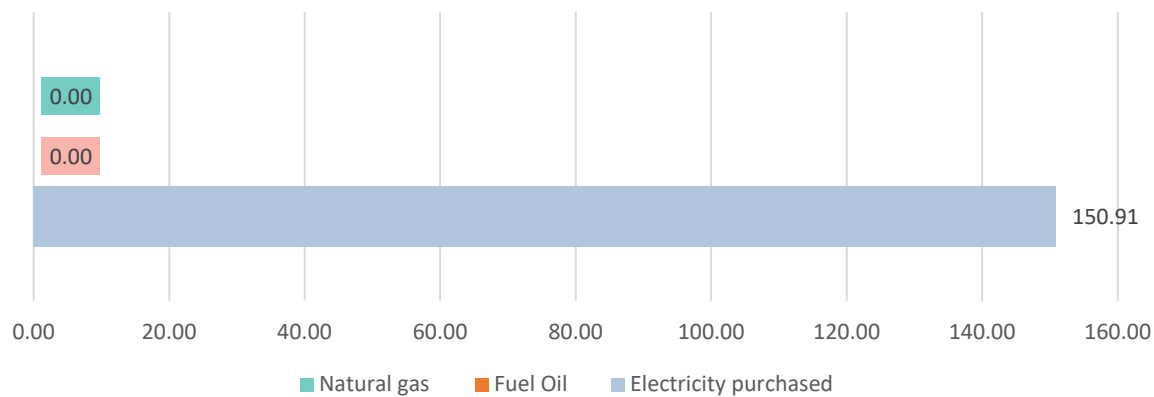
(The notification is made on the basis of GRI 302)

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

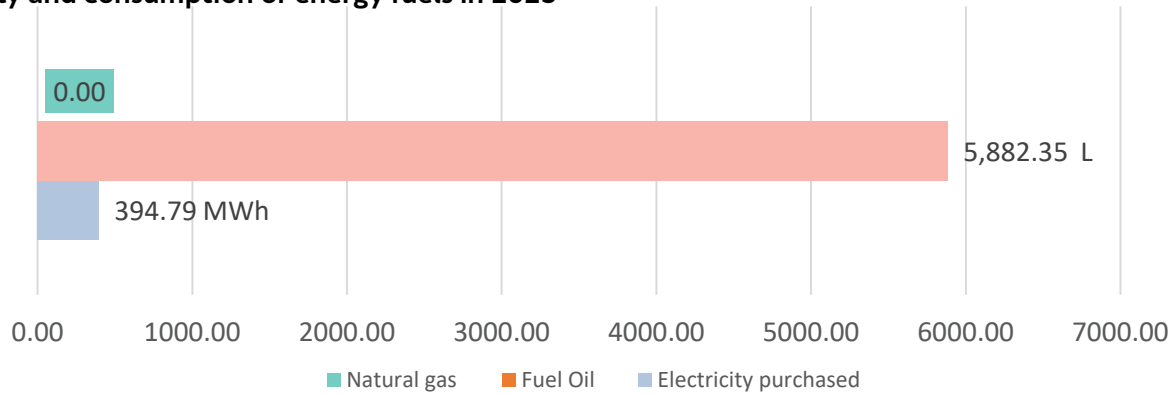
## ALKALOID KONS

Amount of electricity and consumption of energy fuels in 2023



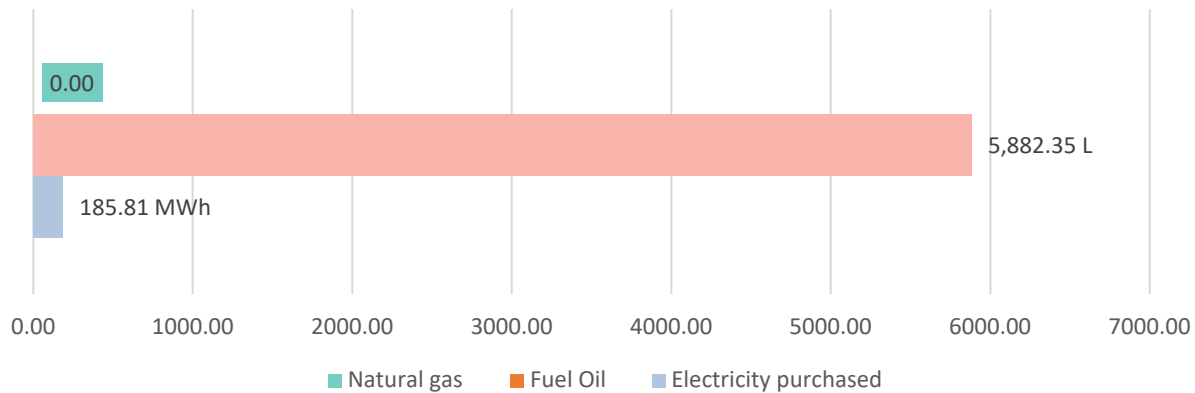
## ALKALOID DOO Belgrade

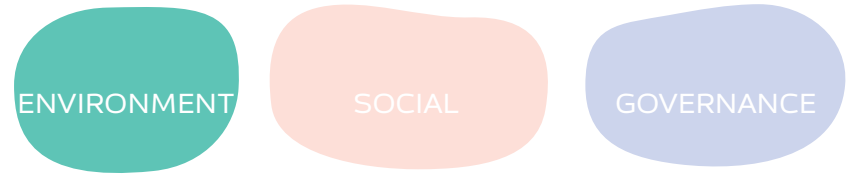
Amount of electricity and consumption of energy fuels in 2023



## ALKALOID WHOLESALERS DOO Belgrade

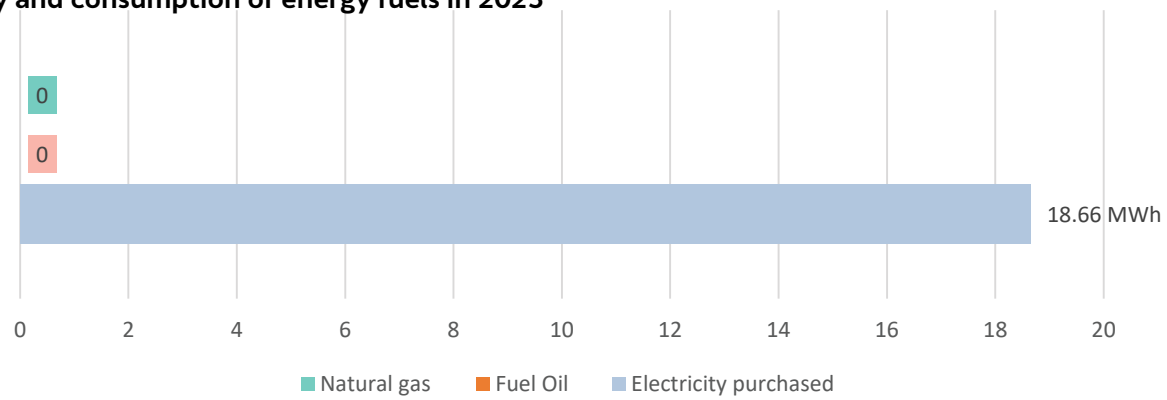
Amount of electricity and consumption of energy fuels in 2023





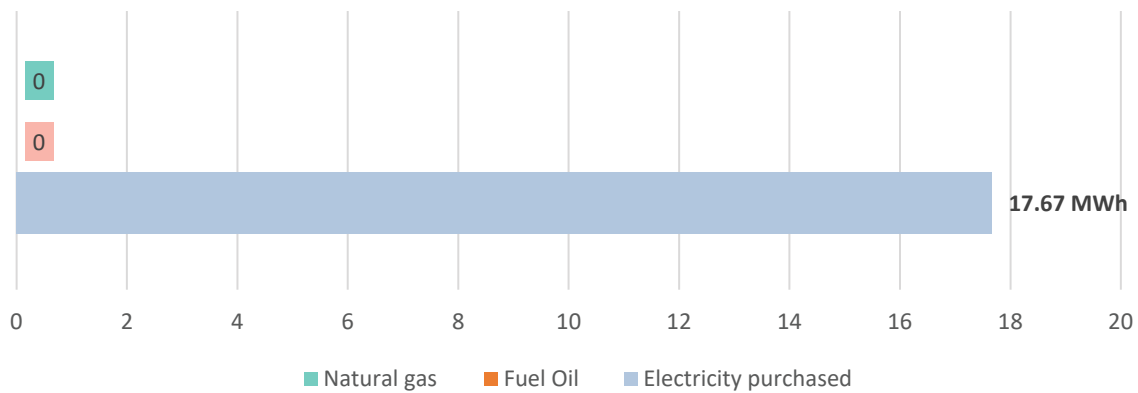
## ALKALOID INT DOO Slovenia

Amount of electricity and consumption of energy fuels in 2023



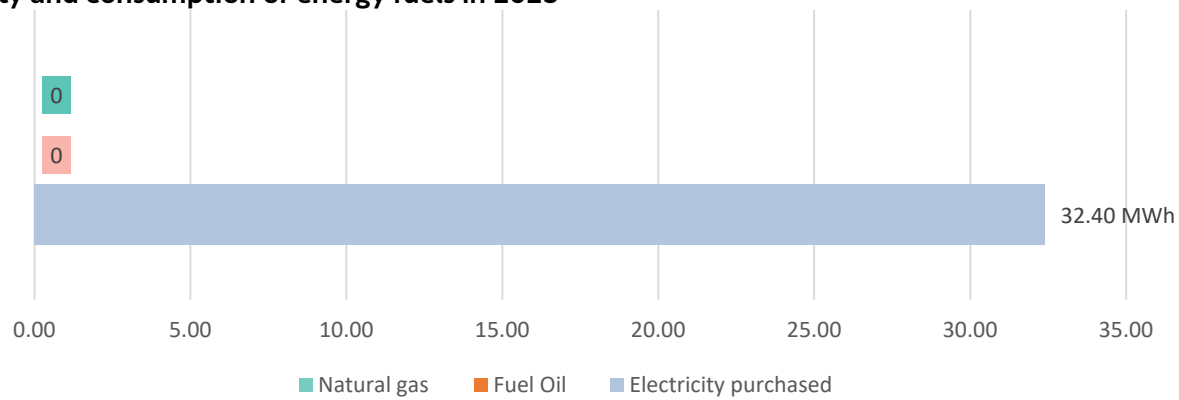
## ALKALOID FARM DOO Slovenia

Amount of electricity and consumption of energy fuels in 2023



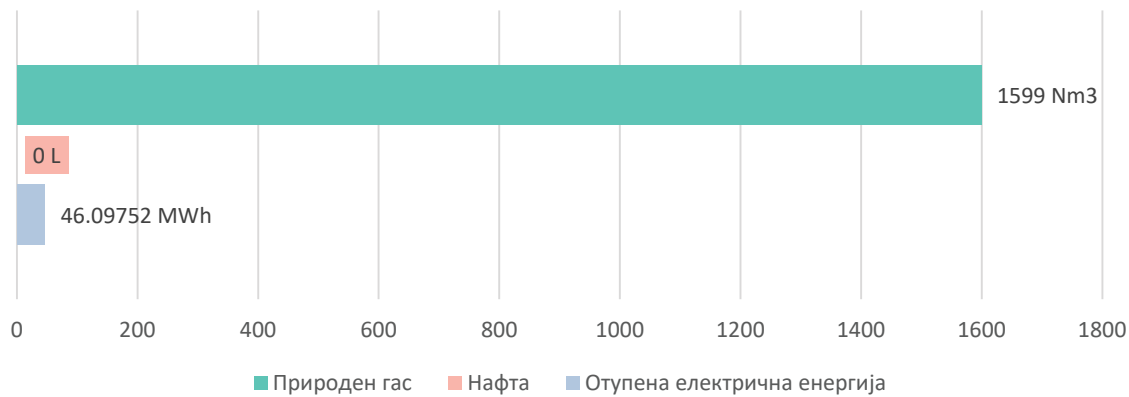
## ALKA-LAB DOO Slovenia

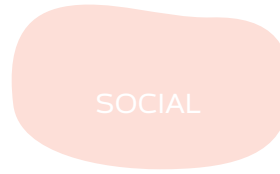
Amount of electricity and consumption of energy fuels in 2023



## ALKALOID DOO Croatia

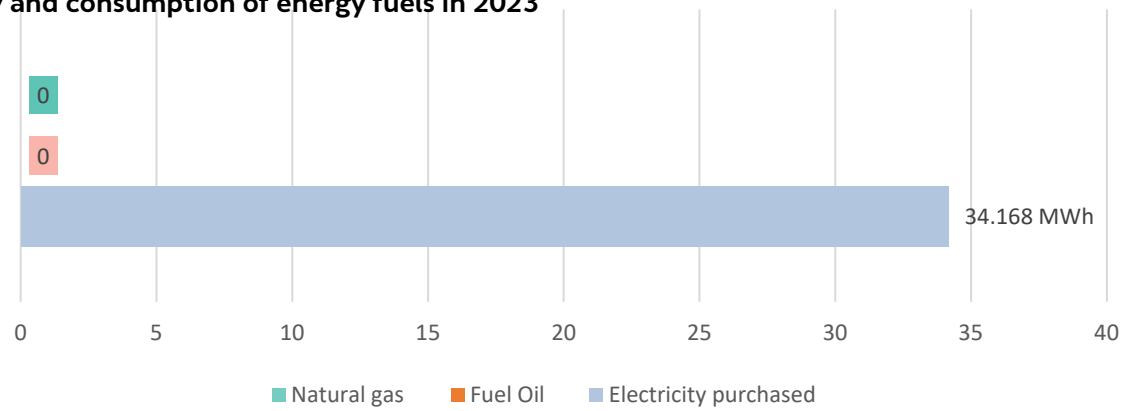
Amount of electricity and consumption of energy fuels in 2023





## 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 WHOLESALERS 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%		

ENVIRONMENT

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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%

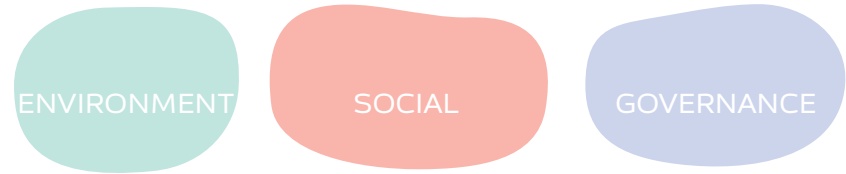
## ALKALOID DOO Croatia

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 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 Environment - page 79
305-1	Direct (Scope 1) GHG emissions	Overview of ALKALOID's most important ESG indicators - page 38 Environment - page 76-77
305-2	Energy indirect (Scope 2) GHG emissions	Overview of ALKALOID's most important ESG indicators - page 38 Environment - page 76-77
305-3	Other indirect (Scope 3) GHG emissions	Overview of ALKALOID's most important ESG indicators - page 38 Environment - page 76-77
306-3	Waste generated	Overview of ALKALOID's most important ESG indicators - page 38 Environment - page 83-84 Annex 2 - page 206-211
306-4	Waste diverted from disposal	Overview of ALKALOID's most important ESG indicators - page 38 Environment - page 83-84 Annex 2 - page 206-211
306-5	Waste directed to disposal	Overview of ALKALOID's most important ESG indicators - page 38 Environment - page 83-84 Annex 2 - page 206-211

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401-1	New employee hires and employee turnover	Overview of ALKALOID's most important ESG indicators - page 39 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 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 Social - page 114
403-10	Work-related ill health	Overview of ALKALOID's most important ESG indicators - page 39 Social - page 115
404-1	Average hours of training per year per employee	Overview of ALKALOID's most important ESG indicators - page 39 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 Annex 3 - page 161
410-1	Security practices	Overview of ALKALOID's most important ESG indicators - page 39 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. The gauge is mounted on a stainless steel industrial pipe. The gauge has two scales: the outer scale is in bar (0 to 0.5) and the inner scale is in MPa (0 to 0.5). The needle is pointing to approximately 0.1 bar. The background shows blurred industrial equipment. Two overlapping teal circles are positioned in the upper right quadrant of the image.

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

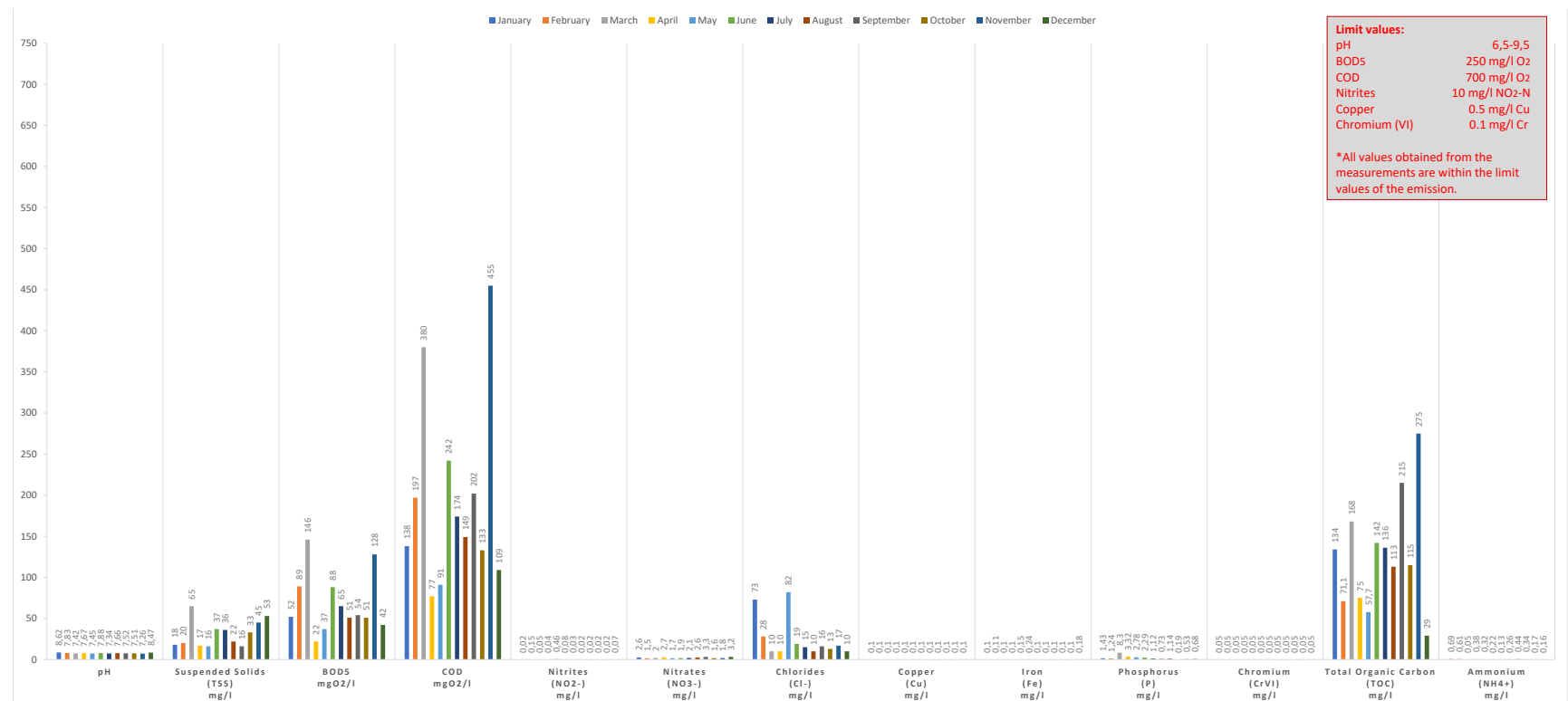
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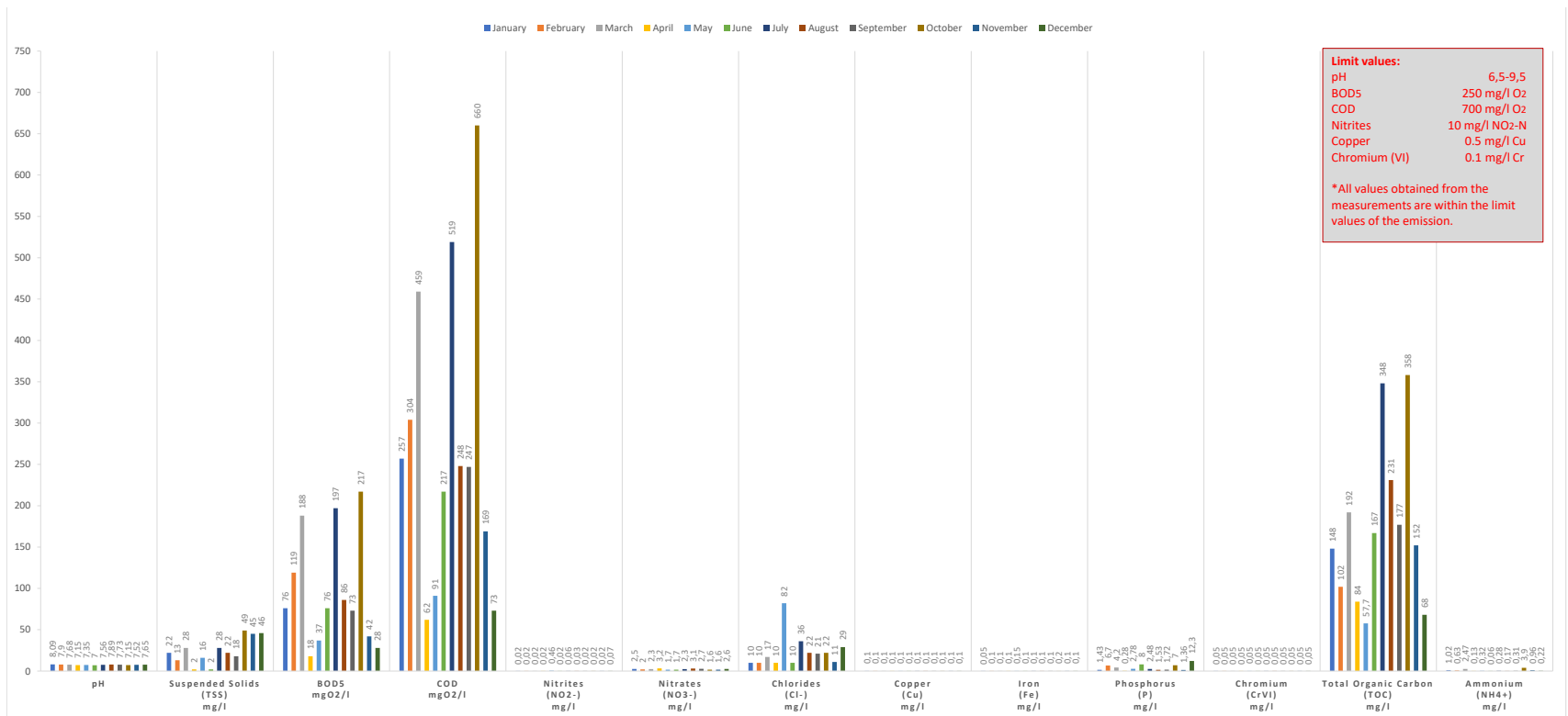
## WATER EMISSION MONITORING FOR ALL PROFIT CENTERS OF ALKALOID AD SKOPJE FOR 2023

### 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



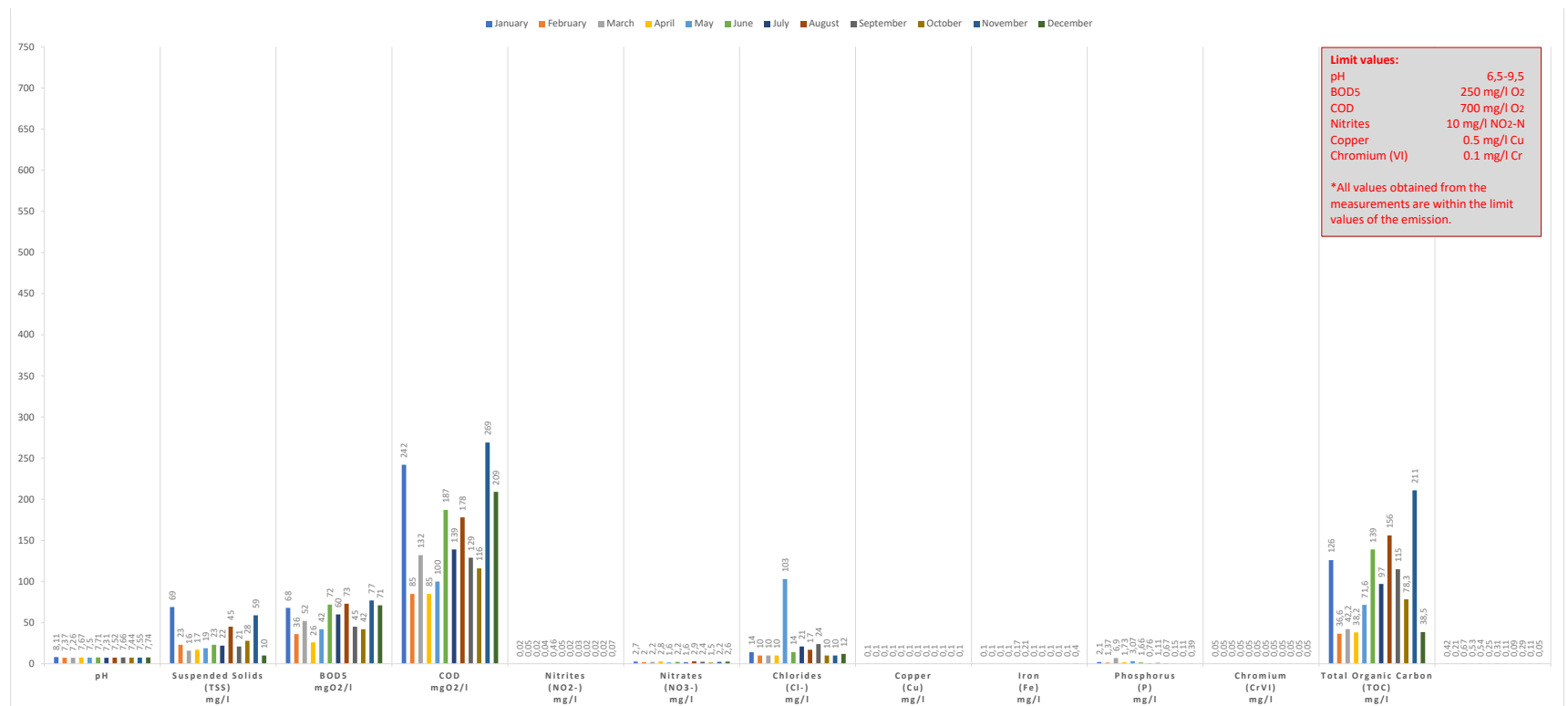
ENVIRONMENT

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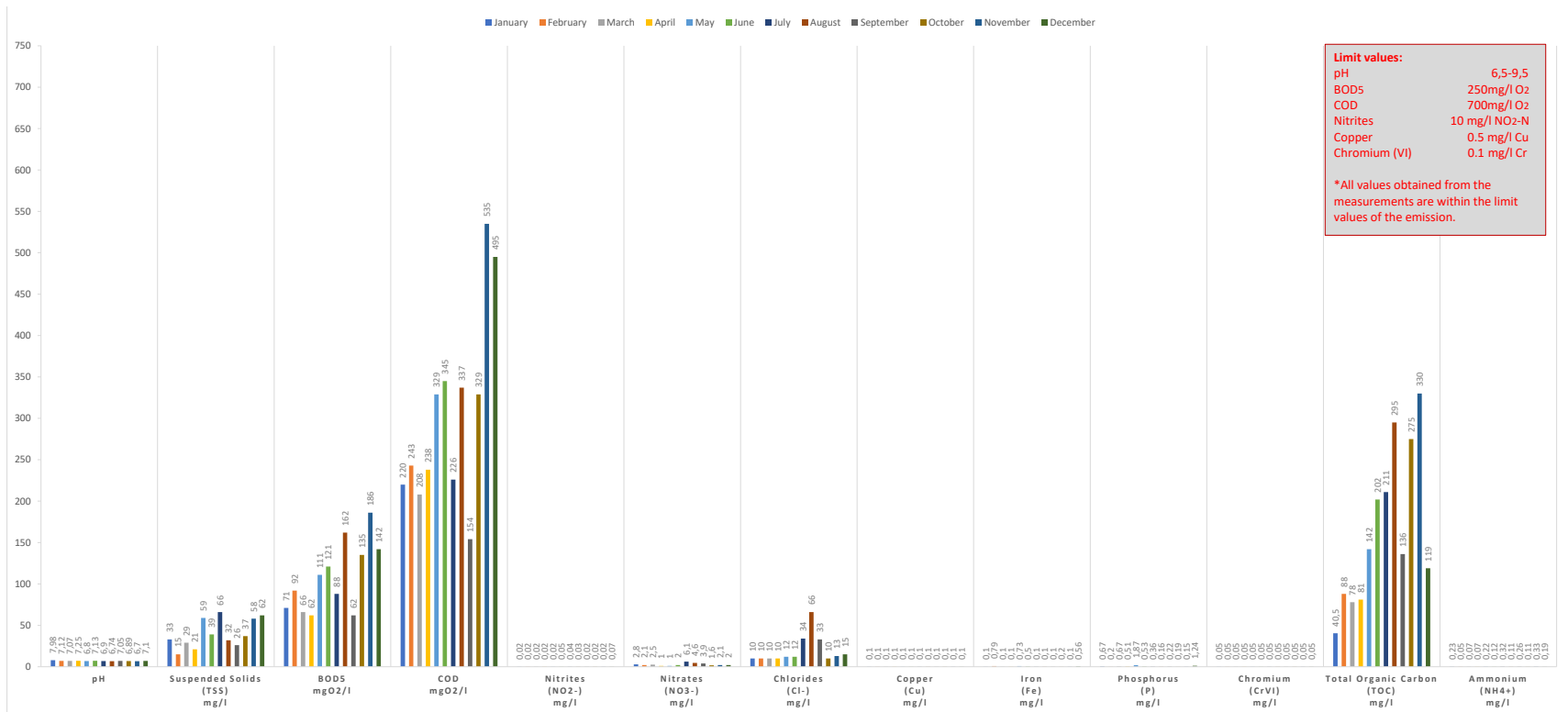
## WATER EMISSION MONITORING FOR ALL PROFIT CENTERS OF ALKALOID AD SKOPJE FOR 2023

### 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



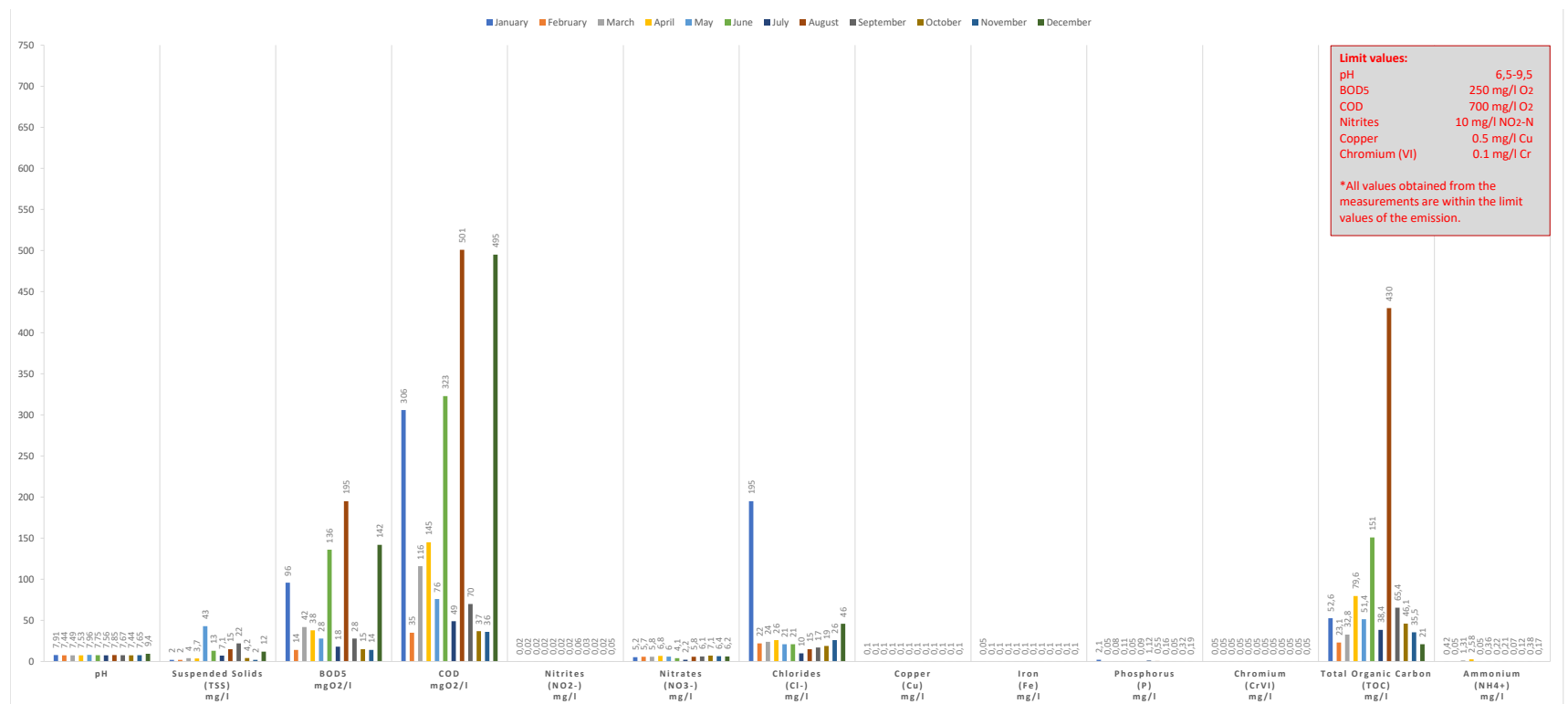
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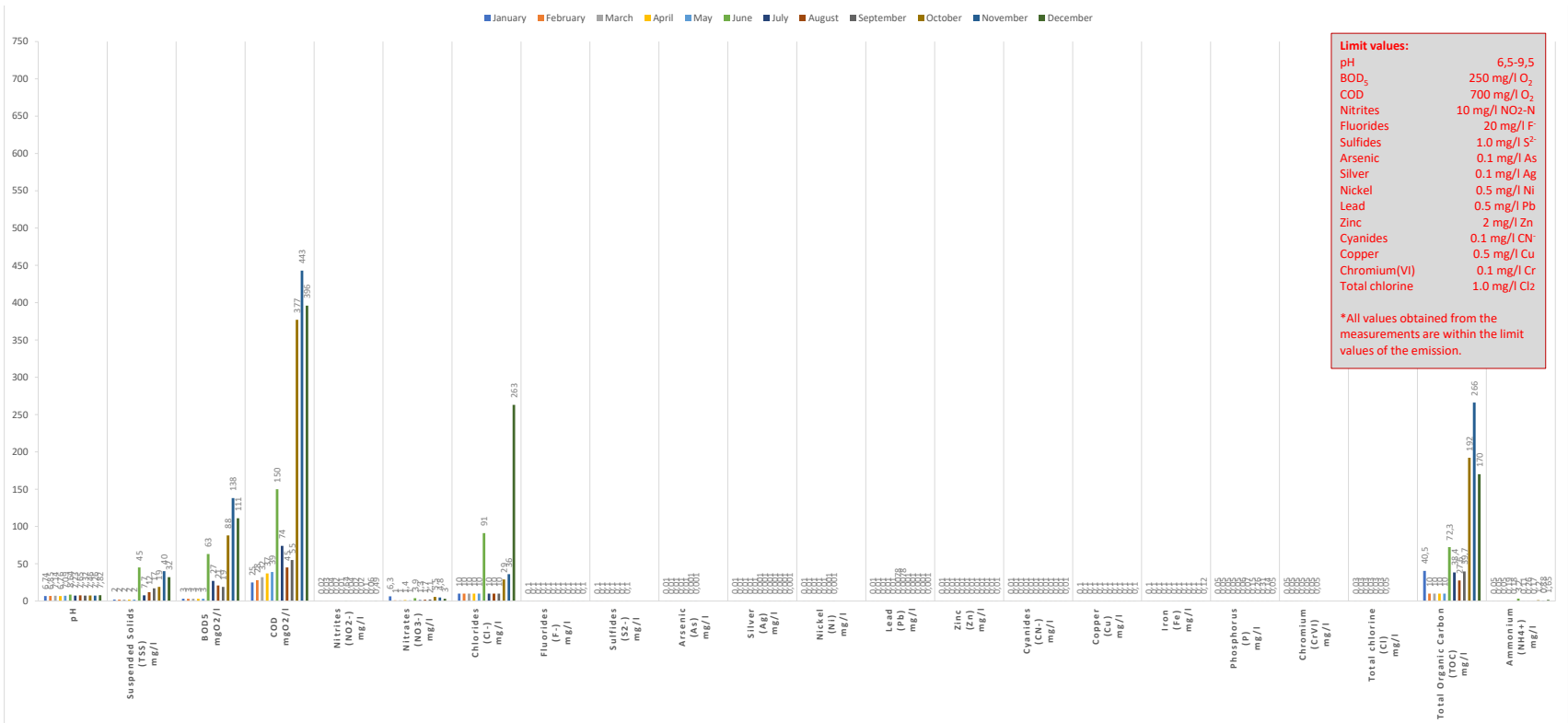
## WATER EMISSION MONITORING FOR ALL PROFIT CENTERS OF ALKALOID AD SKOPJE FOR 2023

### 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



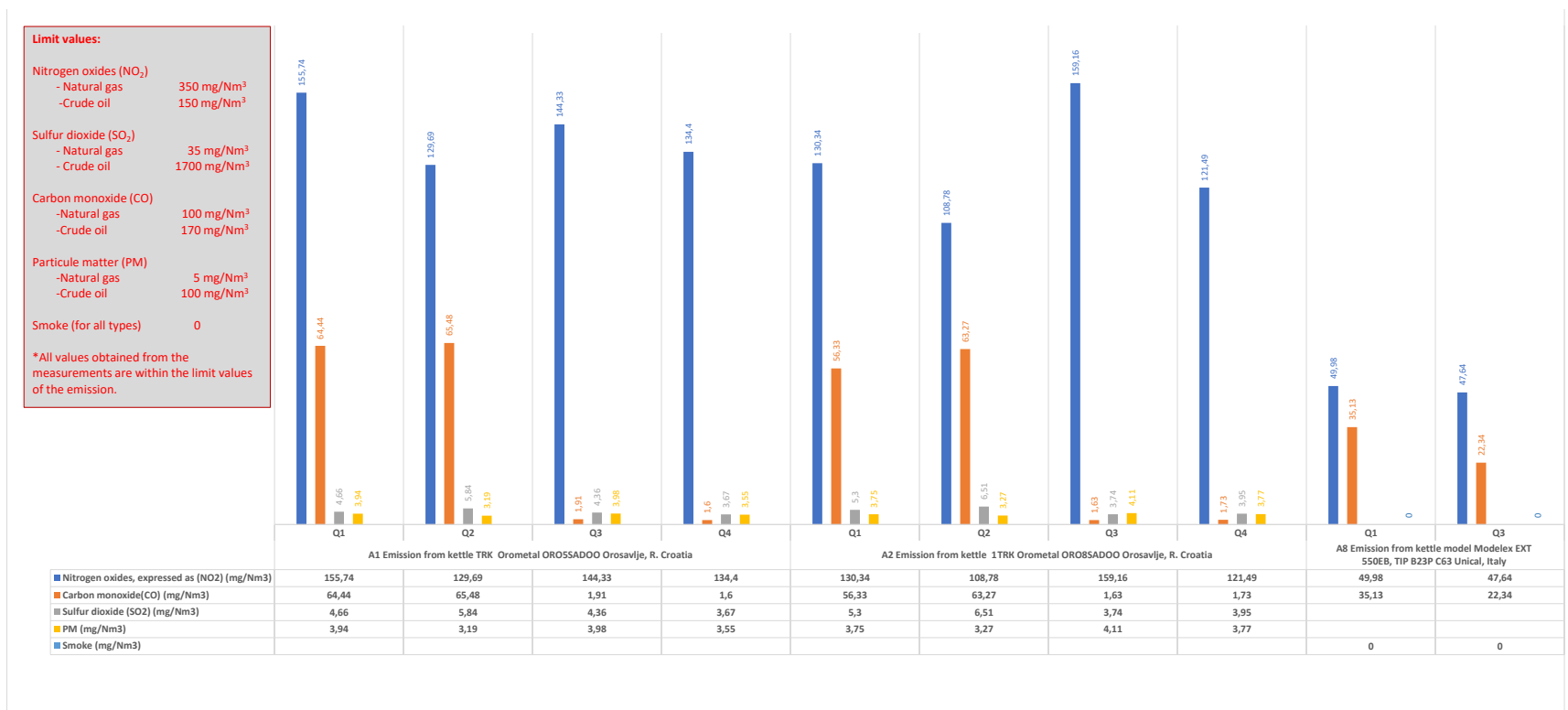
ENVIRONMENT

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

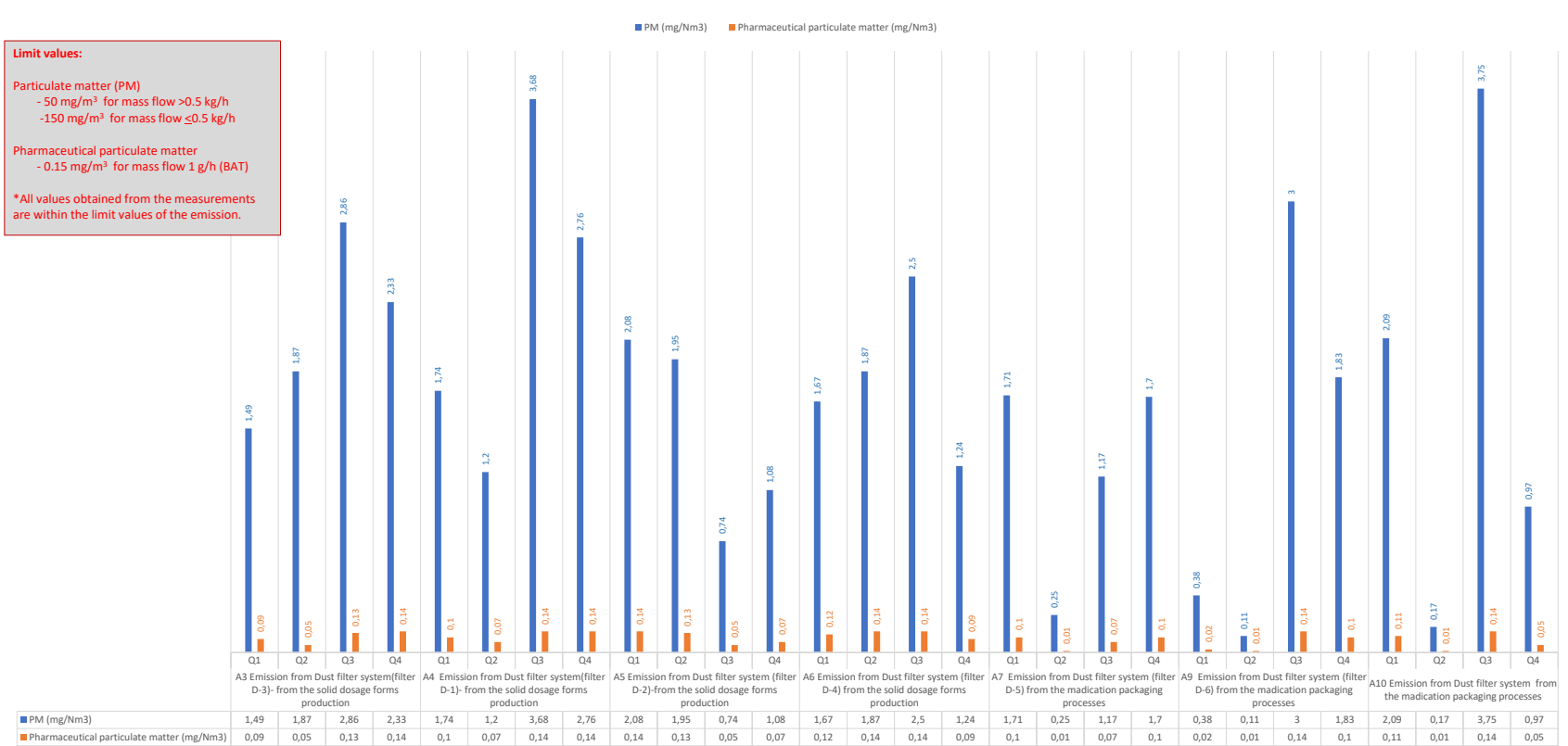
### MEASURED EMISSIONS IN AIR FROM THE BOILER UNIT PC PHARMACEUTICALS IN AVTOKOMANDA FOR 2023





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

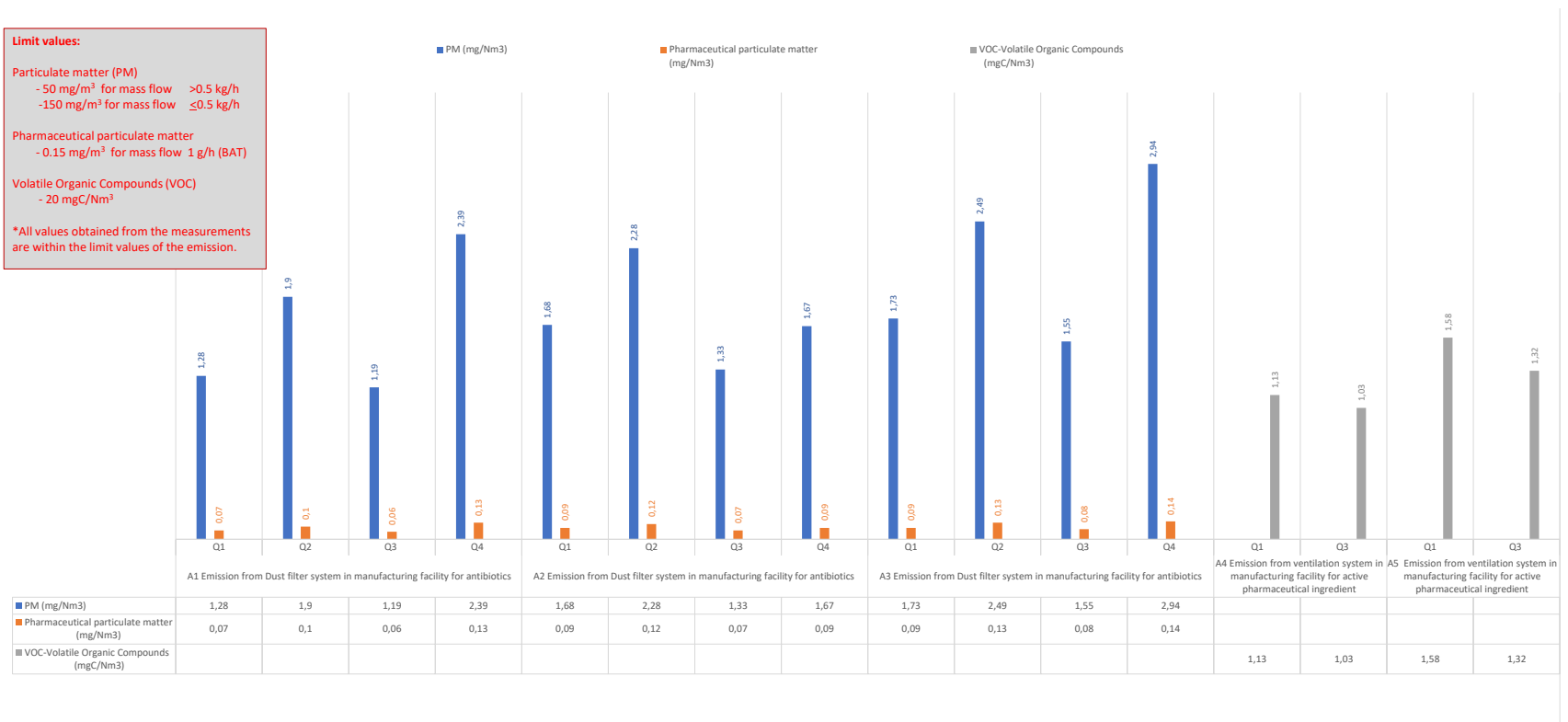
**Limit values:**

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)

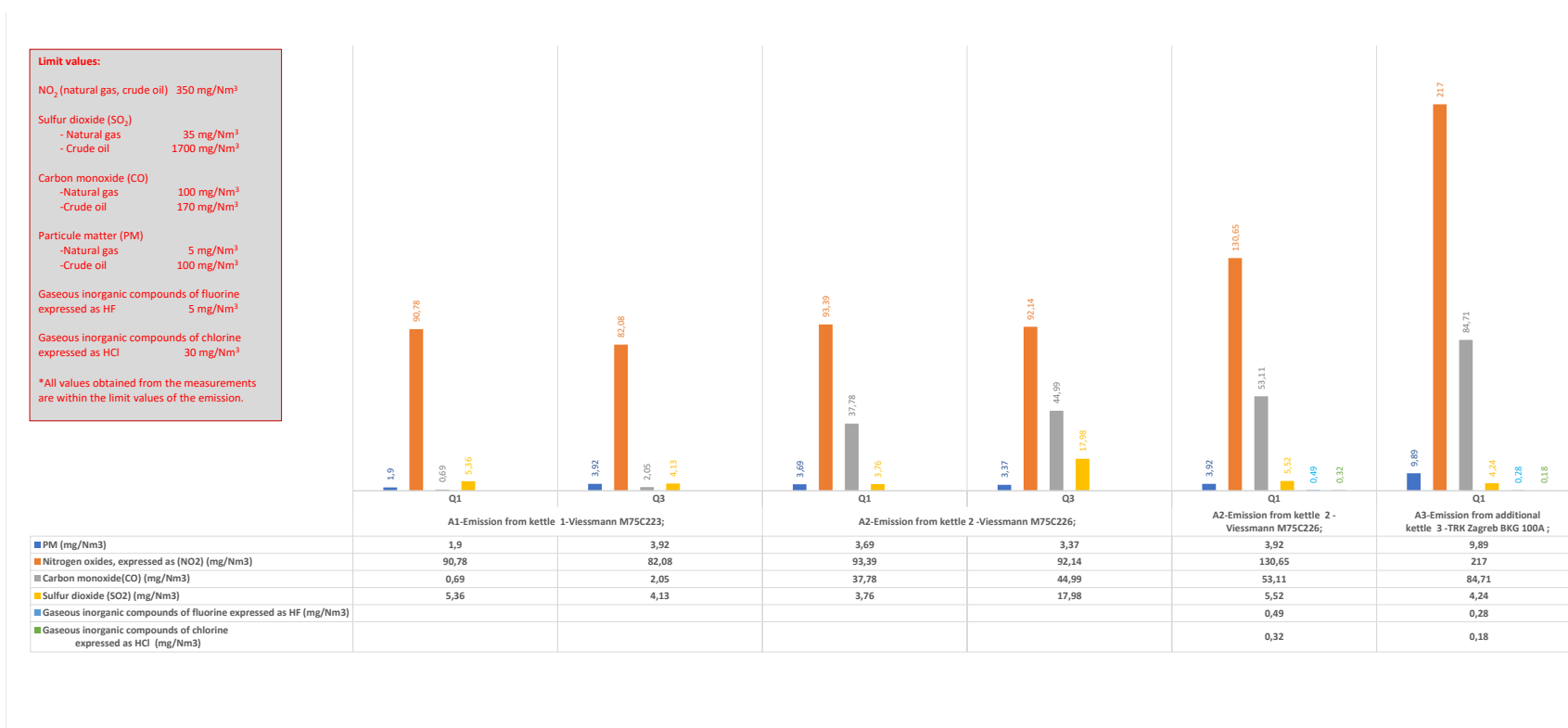
Volatile Organic Compounds (VOC)  
 - 20 mgC/Nm<sup>3</sup>

\*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



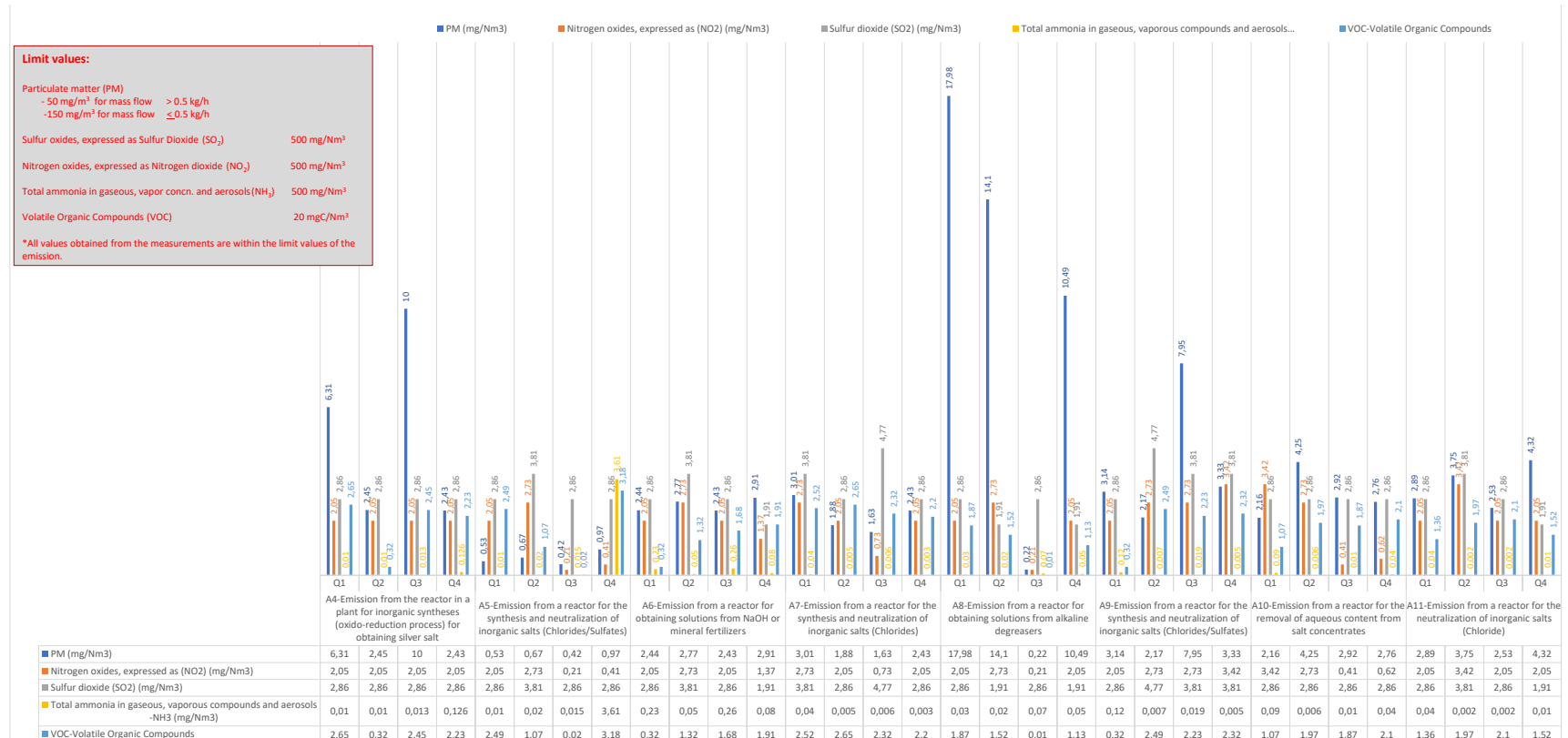
ENVIRONMENT

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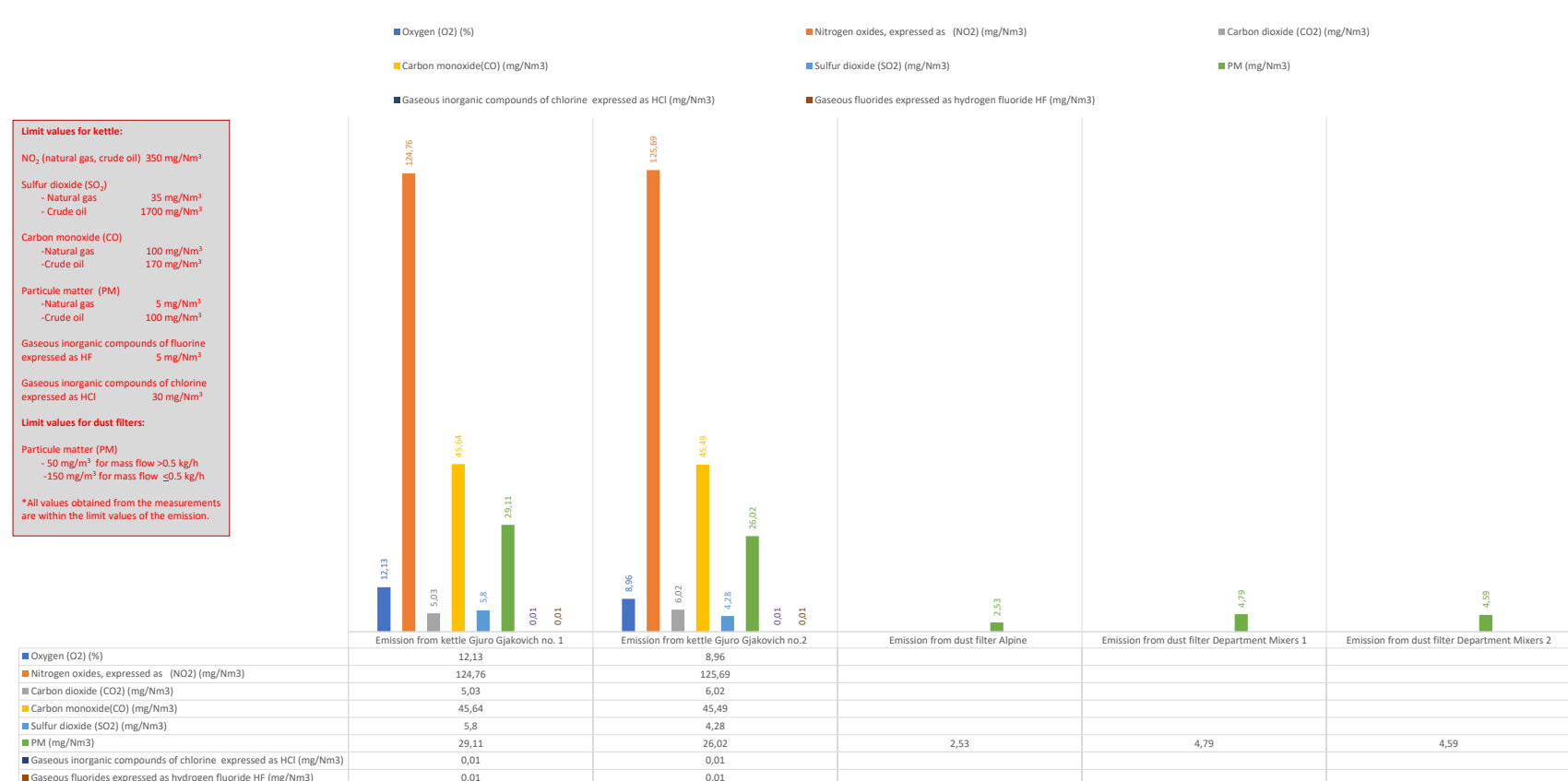
## AIR EMISSION MONITORING FOR ALL PROFIT CENTERS OF ALKALOID AD SKOPJE FOR 2023

### 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



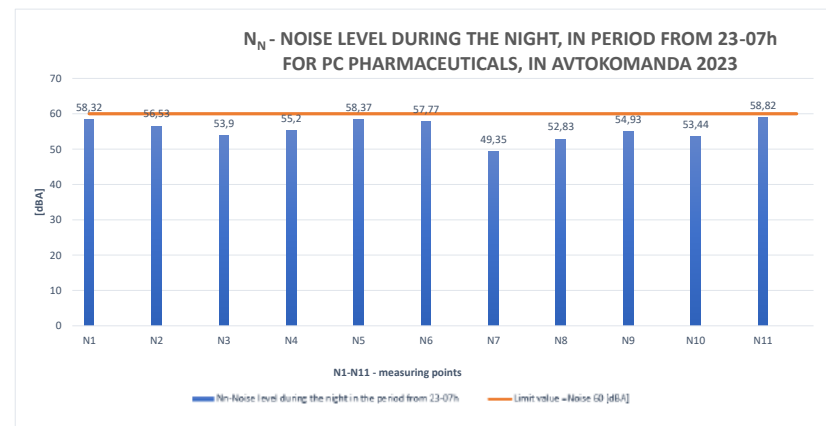
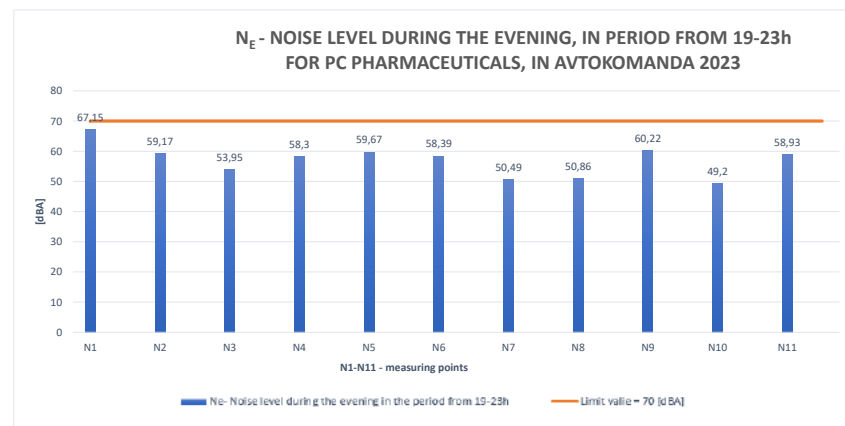
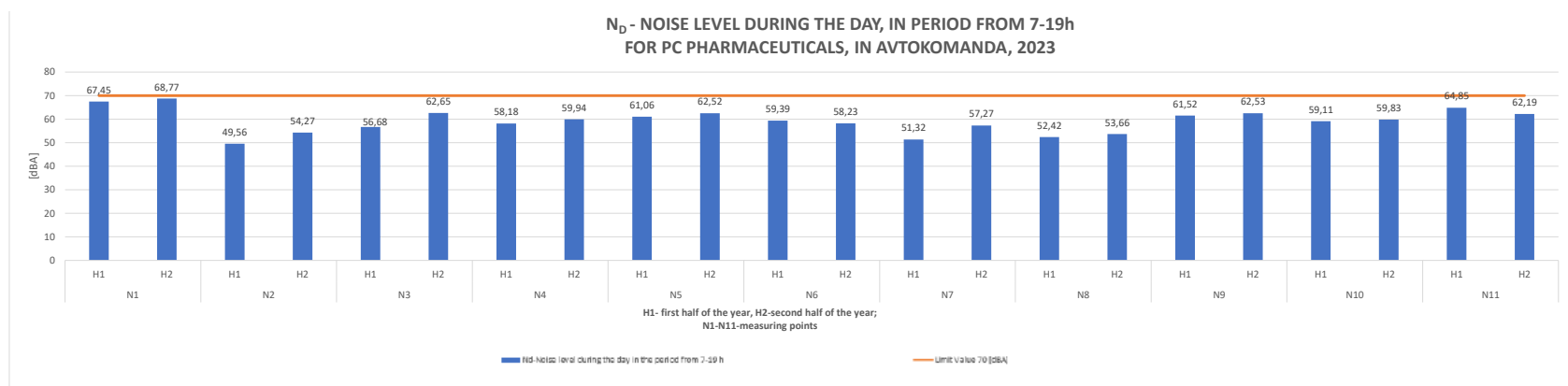
ENVIRONMENT

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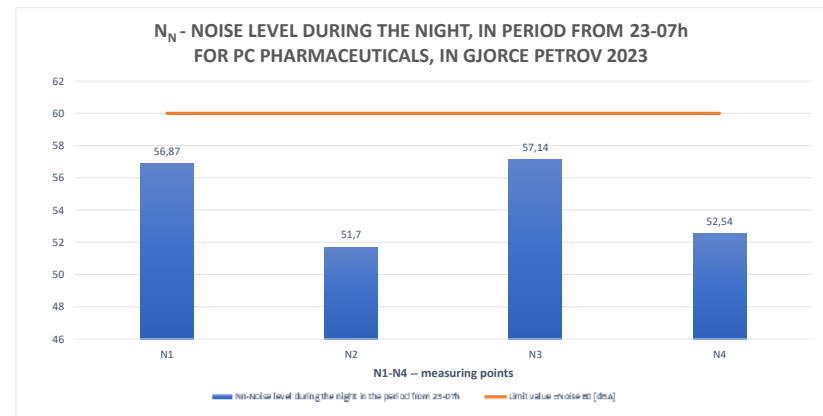
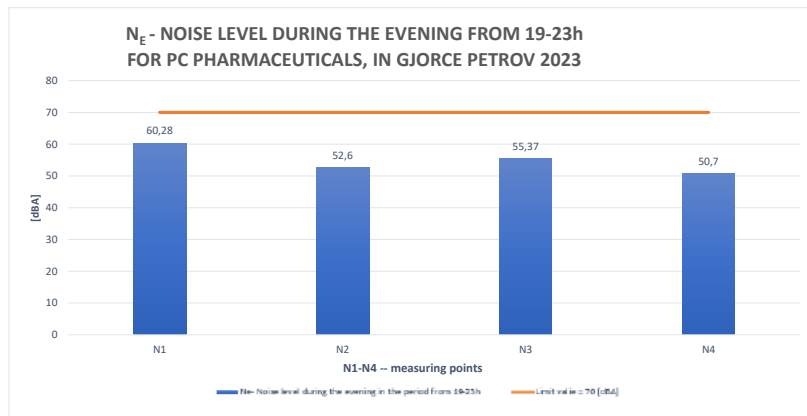
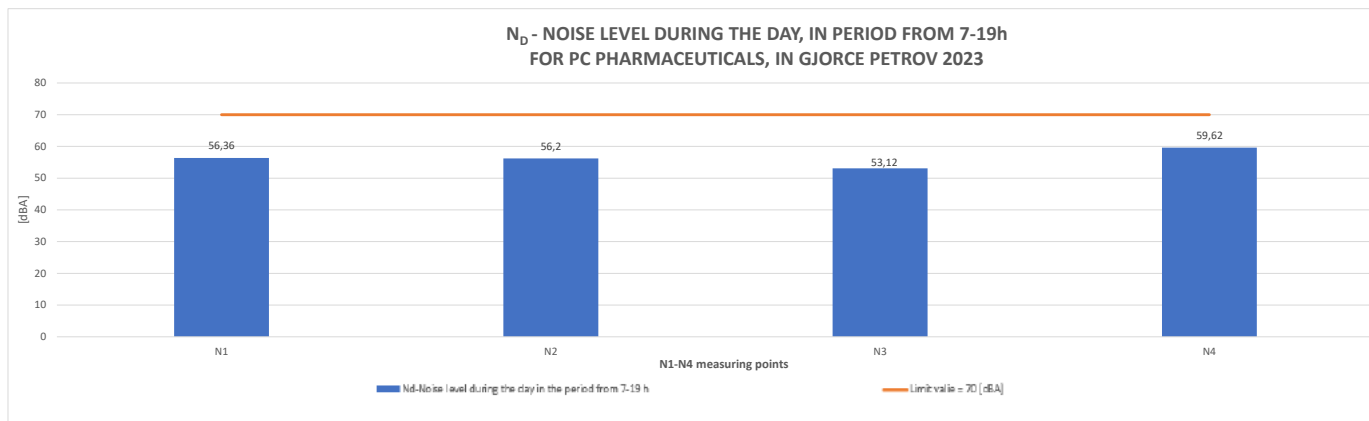
## NOISE EMISSION MONITORING FOR ALL PROFIT CENTERS OF ALKALOID AD SKOPJE FOR 2023

### 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



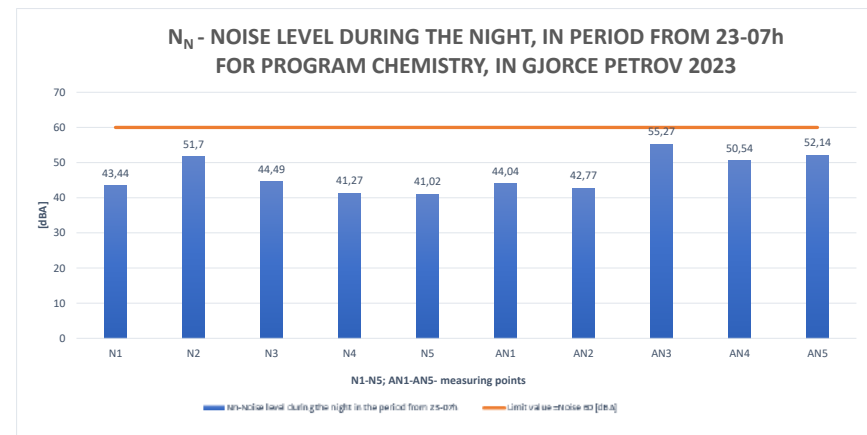
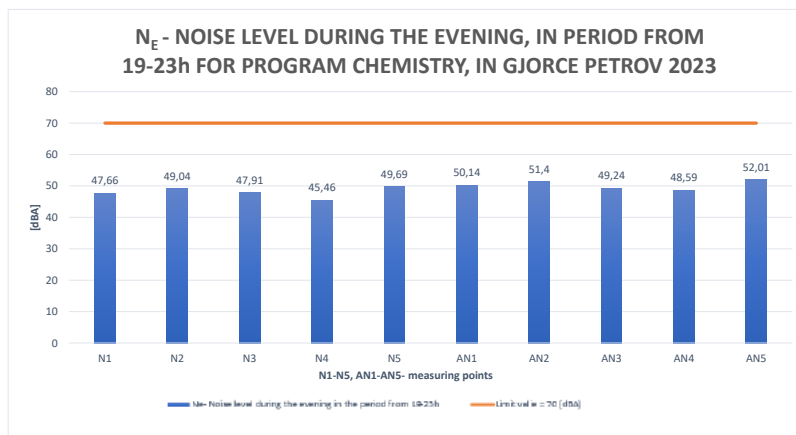
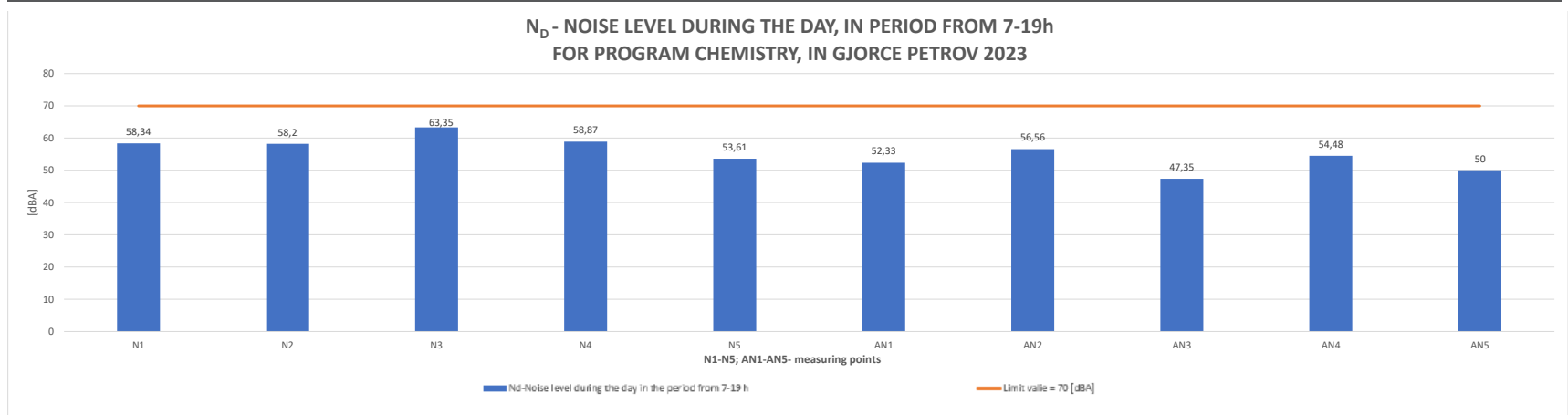
ENVIRONMENT

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

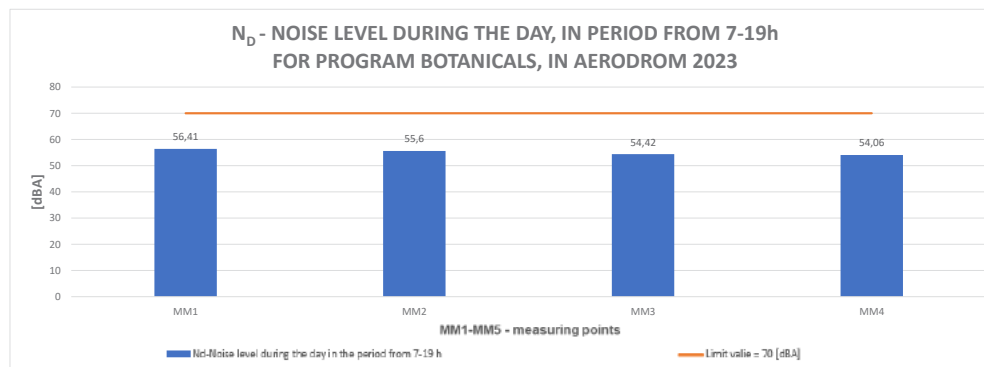
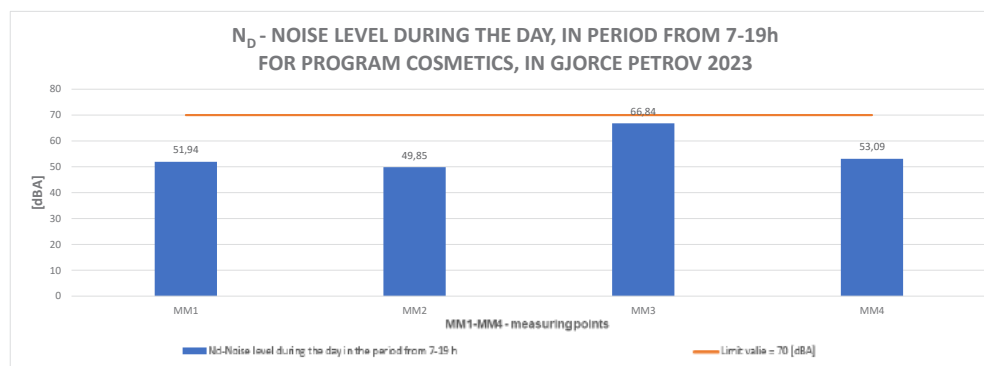
### NOISE EMISSION MONITORING PC CCB, PROGRAM CHEMISTRY FOR 2023





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

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



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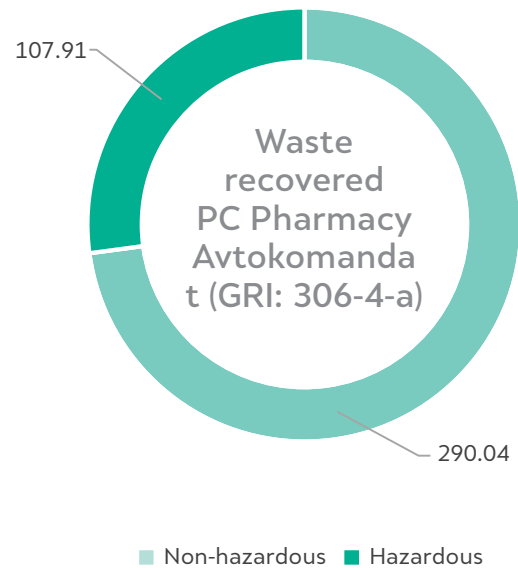
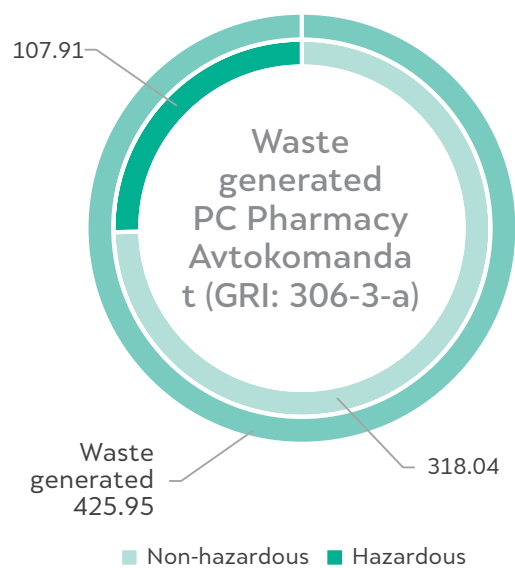
GOVERNANCE



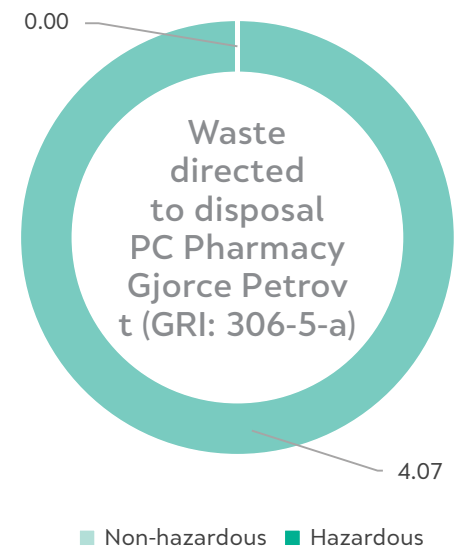
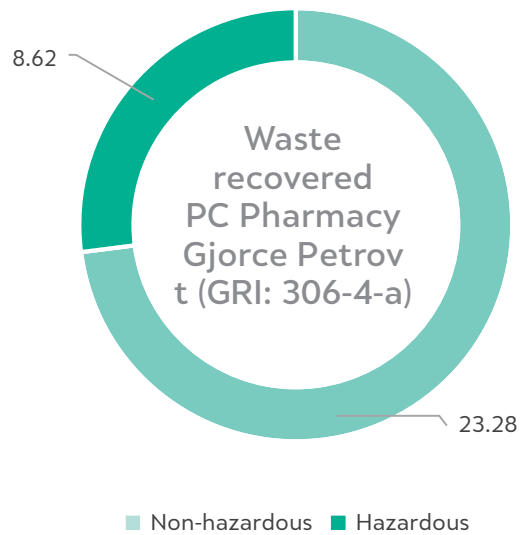
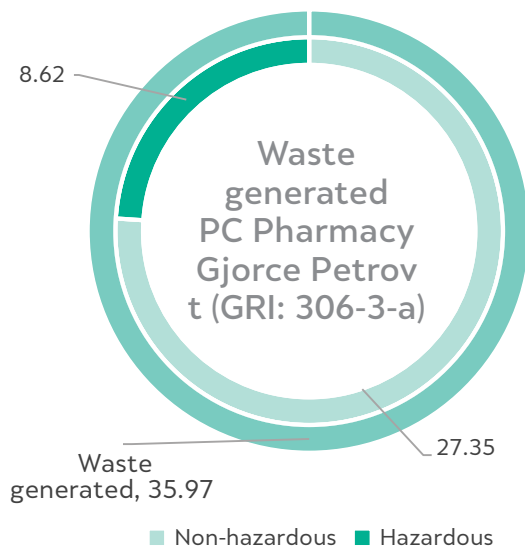
Annex 2:  
Waste  
generated  
by site

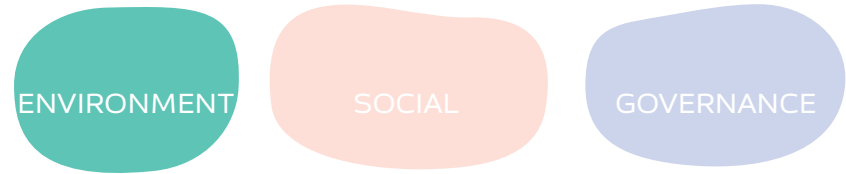


## Total generated waste Pharmacy Avtokomanda 2023

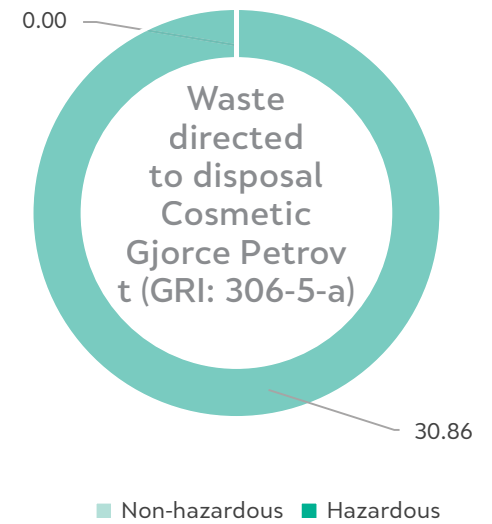
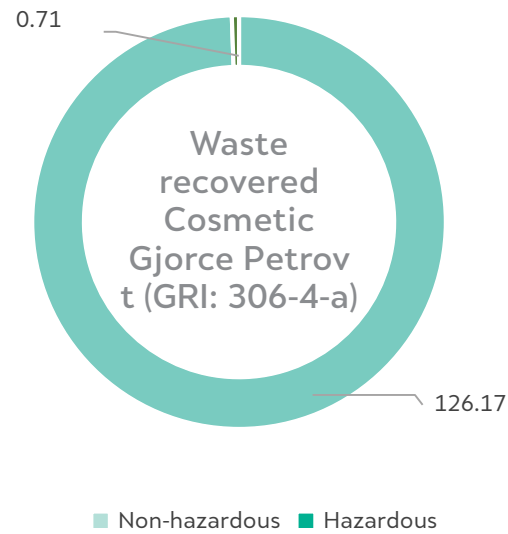
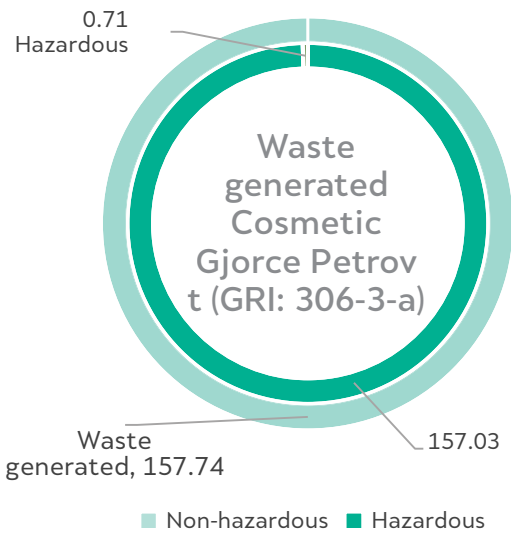


## Total generated waste Pharmacy Gjorce Petrov 2023

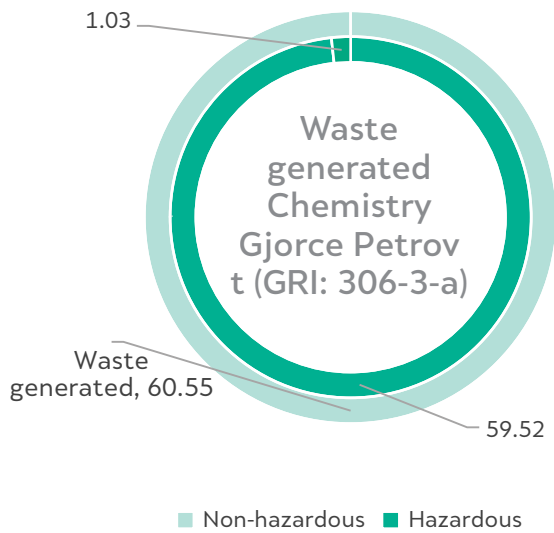


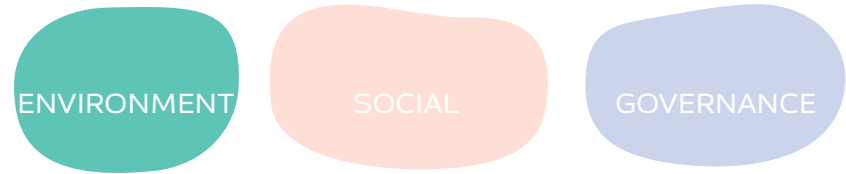


## Total generated waste Cosmetic Gjorce Petrov 2023

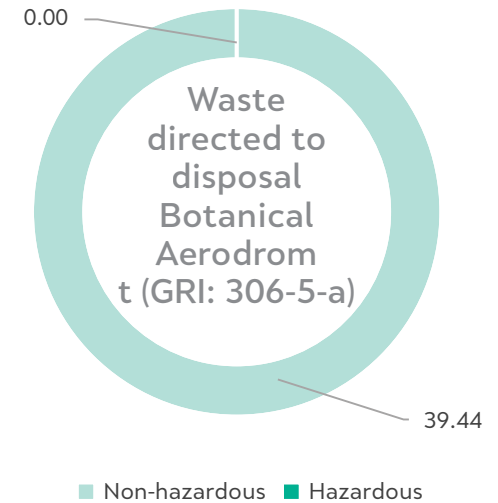
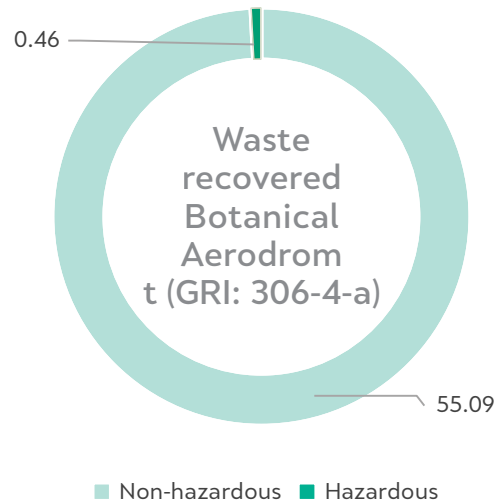
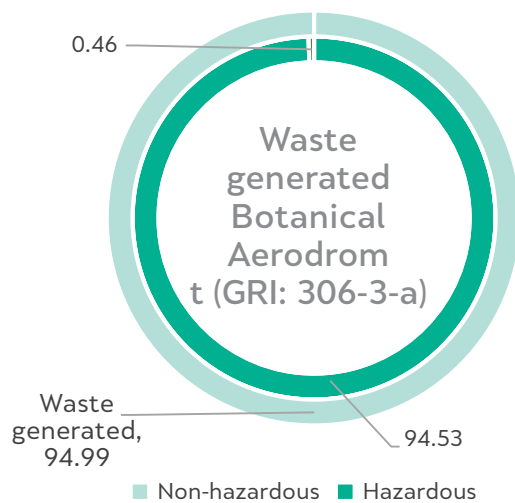


## Total generated waste Chemistry Gjorce Petrov 2023





## Total generated waste Botanical Aerodrom 2023





Annex 3:  
Monitoring  
GRI indicators  
401, 404, 405

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Measurement Indicators According to GRI Standard 401 – Employment. 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)

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Measurement indicators in accordance with the requirements of the GRI 405-1 standard - 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*

[www.alkaloid.com.mk](http://www.alkaloid.com.mk)