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About the Report

This 3rd Non-financial Report of Antibiotice SA presents relevant information about the operations performed by the company during 2019, in both the Romanian market (where the production site is located) and the international ones. Such data contribute to the understanding of the impact of the company's actions on the economy, society and natural environment. Thus, Antibiotice SA takes responsibility to improve the comparative indicators, which show how the company impacts on the natural, economic and social environments.

This Report approaches material (relevant) subjects, which were identified and resulted from the materiality analysis and the stakeholder consultation, to the purpose of ensuring transparency to the interested parties and partners.

Antibiotice SA hereby reports non-financial and diversity, in conformity with the requirements of the European Directive 2014/95/UE, transposed into the Romanian legislation by the Minister of Public Finance Orders no. 1938/2016 and 2844/2016. At the same time, the purpose of this document is to transcend the compulsory legal requirements and meet the best existing current international practices.

Thus, the non-financial report for 2019 was created based on the Sustainability Reporting Standards formulated by the Global Reporting Initiative (GRI). The employed standards are listed under the Index found at the end of the report.

The Non-financial Report 2019 is an integral part of the Annual Financial Report 2019 of the company's governing board. The Report covers a period of one full calendar year (identical to the financial year, i.e. January 1 - December 31, 2019), and the data are reported each year.

The most recent non-financial report was published in October 2019, and comprised Antibiotice SA's results and performance in terms of sustainability in the reporting period January 1 - December 31, 2018. No piece of information that was made available in the previous reports has been revised. The contents of this Report have not been audited by any third party.

Antibiotice SA's management team would like to express their thanks to all those who contributed to the fulfillment of the sustainability objectives of the company, as well as to the employees, partners and entities that took part in creating this Report.

After perusing the Report, you can send your comments and suggestions at:

Antibiotice SA
Str. Valea Lupului nr.1,
707410 Iași, județul Iași
Telefon: +40 232 209 000
E-mail: office@antibiotice.ro



CEO's Message

Dear friends, I am honored to bring forward Antibiotice's third sustainability report, which sets forth our involvement and commitment to responsible business practices for a sustainable development, aiming at doing more and better for human health.

Sustainable development has been essential for each stage of human evolution, and here, in Antibiotice, we believe that a responsible and sustainable behavior demonstrates respect and accountability to our business partners, employees, environment, and community.

Sixty-four years ago, when Antibiotice SA started operating, marked a crucial moment for the pharmaceutical industry in Romania. We were the pioneers of the local manufacturing of antibiotics. Since then, year by year, we have set bold targets, consolidated our presence both in Romania and international markets, and worked every day to accomplish our mission of making valuable medicinal products more accessible to patients, doctors and pharmacists.

We have celebrated our successes, learned the lessons taught by each challenge we have encountered, and concentrated our actions and knowledge to assume and implement good practices in all the areas of activity.

We are glad and proud of who we have become and all we have achieved so far; still, we are constantly concerned with what we will leave behind, we think about the future and the coming generations, as when we talk about sustainability we talk about the future generations.

We have constantly invested in creating a sustainable, complex and affordable portfolio of products in order to meet our patients' more and more varied demands. The health of the consumers lies at the heart of our concerns and their needs have always guided our actions. To this end, we actively communicate with health professionals to define therapeutic solutions tailored to the current trends in medicine. In 2019, our teams of specialists succeeded in obtaining marketing authorizations for 10 medicinal products intended for both the domestic and international market, and in completing 60 procedures for marketing authorization renewal.

At present, we distribute our portfolio of more than 150 medicinal products designed for a wide range of diseases to almost all the hospitals and pharmacies in Romania and in over 70 countries worldwide. We have representative offices in the Republic of Moldova, Vietnam, Ukraine and a business office in Serbia, by means of which we get closer to the local consumers and healthcare systems, learn about and understand the consumption behavior more easily, and continually adapt to meet their needs.

We strongly believe that people are born to assist and help one another and here, in Antibiotice, we wonder how many people we help get well, have a better, more decent life on a daily basis. We always pay attention to and concern ourselves with the efficiency, efficacy and safety of the medicines we manufacture as a result of the responsible policies we have committed to. Such policies start with the process of raw material acquisition from qualified, sustainable sources, and end with the serialization of the medicinal product packages and their distribution to hospitals and pharmacies. We make no compromise when it comes to our traceability and sustainability standards because our aim is to deliver the highest quality in everything we do.

Our stakeholders' expectations get higher and higher, and therefore we permanently act in an ethical, responsible and transparent manner. In Antibiotice SA, we have in place and follow ethics and integrity codes, a code for good practices in interacting with health professionals, systems for reporting deviations, anti-corruption policies and procedures, all together representing our commitment to continuously improve the impact of our actions on the natural environment, employees, and community.

Our culture supports inclusion and diversity in all its aspects, i.e. gender, age, ethnicity, competence, work style, mentality. Embracing our employees' ideas, expertise and approaches as well as providing a working environment that supports and respects people and their rights result in positive experiences for the employees, improves both employee retention and the business prospects of the company.

Our employees benefit from professional and personal development opportunities. We have fostered internal leaders, who have grown step by step and become important members of our team, because we intend to motivate and retain talents in our company. We support more than 1,400 jobs in a secure and pleasant environment, three different generations working side by side, in harmony and agreement in Antibiotice SA.

We are part of the local community and contribute directly and indirectly to the economy. Approximately half of the acquisitions are made from Romanian suppliers, and due to the fact that we manufacture and distribute locally, we generate added value and income for the state budget. We keep growing side by side with our partners from Romania and abroad, and conduct sustainable business projects in a transparent, fair and competitive way.

For 64 years, we have been writing Antibiotice's success story together with our employees, business partners and the community to which we belong. We undertook to build a sustainable business that would have a positive impact on all the people involved in our activities, economy and natural environment. We will go on writing the story, with ambitious objectives and careful attention to what we will pass on to the future generations.

Ioan Nani,
Vice President of Management Board
General Director of Antibiotice

Results 2019/2018

2019

2018



Key economic figures

390.6 million LEI/
365.3 million LEI
net turnover

35.2 million LEI/
35.1 million LEI
gross profit



95.4 million LEI/
83.9 million LEI
+13%

contribution to the consolidated
state budget and local budget



Zero incidents of corruption/ Zero incidents of corruption



Key social figures

1415,
1415
average
number of
employees

78%,
77%
of the
employees
are union
members

500,
665
employees
attended
professional
training courses



55.16% / 55.06%
of the employees are women



64% / 63%
of the employees in middle management positions are women



43.71% / 36%
of the acquisitions were made from Romanian suppliers



Zero clinical bioequivalence trials discontinued preterm due to volunteers' safety reasons / Zero clinical bioequivalence trials discontinued preterm due to volunteers' safety reasons



Key environmental figures



60% / 60%
recycling/recovery rate for the product packages placed on the market



Zero environmental sanctions / Zero environmental sanctions



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Antibiotice's short presentation

64 years after its establishment, Antibiotice is the most important Romanian manufacturer of generic medicines, whose mission to manufacture quality, safe and efficient products offers patients the hope of a healthy life. Our company's headquarters and manufacturing site are located in the City of Iași, Romania.

Antibiotice SA^{*} has as main activity the manufacture of basic pharmaceutical products, being a company with majority state capital, under the authority of the Ministry of Health. Since 1997, it has become a joint stock company (SA), after listing on the Bucharest Stock Exchange (ATB symbol).

In 1955, when it started its activity, Antibiotice produced on an industrial scale the first antibiotic in Romania: the active substance Penicillin. Since then and until now, our company has developed its production site, so it currently has the most complex manufacturing structure in Romania, comprising 8 distinct manufacturing flows. One of them, the manufacturing flow of active substance obtained by biosynthesis is unique in our country.

Over time, through its own research, Antibiotice has produced a diverse range of generic medicines, currently having in its portfolio 160 finished medicinal products from 12 therapeutic classes (anti-infectives, cardiovasculars, dermatologicals, medicines for digestives and central nervous system). Most of the medicines produced by Antibiotice are prescription medicines. Our company has also in its portfolio non-prescription medicines (OTCs), food supplements and medical devices, designed to prevent diseases and increase the quality of life as well as the active substance Nystatin. For over five years, the company has been the world leader in production of Nystatin, our product being the international reference standard.

Antibiotice SA has an active global presence, exporting its products to all continents, succeeding in making valuable medicines more accessible to the patients from Romania and from over 70 countries around the world. Expansion of its business in the international market in areas such as Asia (Southeast Asian countries, Russia, Commonwealth of Independent States), North America, Europe, Middle East and Africa led to the establishment of representative offices in Chișinău (Republic of Moldova), Kiev (Ukraine) and Hanoi (Vietnam) as well as a sales office in Belgrad (Serbia).

This team numbering more than 1,400 employees, comprises more generations and a high diversity of professions, from doctors, pharmacists, chemists and biologists to economists, engineers and technicians. Experienced specialists in specific fields such as drug research, quality assurance and control, production and marketing, contribute together to the total value created by the company.

In its 64 years of existence, Antibiotice SA has proved to be a modern and competitive company, a knowledge and development-oriented company. Antibiotice is an organization which has demonstrated that the performance of the world pharmaceutical industry can be achieved in Romania as well.

* The trade name of the company recorded in the Trade Register, in accordance with the legal requirements.

150
 generic
 medicines
 in our
 portfolio

More than
1400
 employees
 in 2019

22
 years
 of presence
 in the capital
 market



Antibiotice Mission, Vision & Values



Our mission



We make our valuable medicines more accessible to patients, physicians and pharmacists. We always put our strength to the service of those who need our support.



The Hippocratic spirit that guides the practice of medicine and pharmacy also guides our actions. We are honest, compassionate and constantly concerned with modernizing our activity and enhancing our products.

We believe a valuable medicine is not necessarily an expensive one but a medicine people can afford and which brings the company a reasonable profit. Profit that satisfies our shareholders and allows us to target performance, permanently investing in people, technology and carefully selected partnerships.



Our vision



Our values

We cherish efficiency, knowledge and spirit of cooperation which allow us to focus on the ever-changing needs of our customers and consumers.

In our company, we put the right people in the right place at the right time. We mutually acknowledge our purpose and value, which creates a sense of connection and gives us the strength to overcome limitations and obstacles.

As human beings, we care about our fellows, we seek to be close to them, and we always think about how to improve things that are important to them.

➤ Efficiency ➤ Knowledge ➤ Cooperation spirit

Corporate governance

Since 2012, Antibiotice SA has adopted the principles and recommendations of the Corporate Governance Code of the Bucharest Stock Exchange, principles that underpin the fulfillment of our company's good corporate governance standards.

A good corporate governance protects the interests of shareholders, contributing, in the long run, to maximizing the value of the shares they hold in the company and attracting new investors, by making transparent and streamlining the activities and processes.

Antibiotice SA is a public enterprise, which complies with the Emergency Ordinance of the Government (GEO) no. 109/2011 on the corporate governance of public enterprises. Corporate governance provides the Antibiotice shareholders and investors with access to accurate, quality, timely information. The company's good governance practices are based on the Corporate Governance Code of Antibiotice SA which outlines the general framework for the activity of the Management Board. Elaborated according to the principles and recommendations of the Corporate Governance Code of the Bucharest Stock Exchange, the code includes, among others, the responsibilities of management structures, fair reward and motivation, investor relations, risk management system and internal control.

The Corporate Governance Code of Antibiotice SA was approved by the Management Board on January 26, 2017.

Management Board

Management Board is responsible for the good governance of the company, being the highest management body and the supreme decision-making authority (except for the decisions taken by the General Meeting of Shareholders as required by law). The statutory responsibilities of the Management Board include establishing the strategic direction of the company, risk management, etc. Some responsibilities are exercised through the advisory committees: the Audit Committee, Nomination and Remuneration Committee and Trade Policy Committee.

According to the unitary administration system, Antibiotice SA is administered by the Management Board composed by 5 members: four non-executive and independent administrators (including the President of the Management Board) and one non-independent executive administrator in the person of the Vice-President of the Board, who is also the company's General Director. The five members of the Management Board guarantees the efficiency of the capacity

to supervise, analyze and evaluate the activity of the directors, as well as the fair treatment of the shareholders. The term of office for a member of the Management Board is four years and may be renewed after an evaluation process. A non-executive member may be a member of the Management Board of Antibiotice for a maximum of three terms.

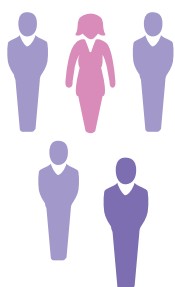
Management Board of Antibiotice SA delegates the operational management (current activity of the company) to the executive management. The Board is responsible for monitoring the company's management, on behalf of the shareholders. The executive management consists of the General Director (who has a mandate from the Board) and specialty directors. There is a clear division of responsibilities between the Management Board and Executive Management. The Management Board seeks to ensure that its own decisions, those of the company's management, of the General Meeting of Shareholders, as well as the internal regulations comply with the legal requirements and are properly implemented.



Corporate
Governance
Code:

<https://bit.ly/39gEvml>

Gender diversity in the Management Board of Antibiotice



Men:
80%

Women:
20%



Management Board of Antibiotice SA on December 31, 2019

Dan-Octavian Alexandrescu, 44 years old
President of the Management Board
Representative of the Ministry of Health
Elected as a member of the Board on
September 29, 2018 (and then elected
President) for a four-year term (the first
term).

Primary care physician with competence in
laparoscopic surgery and coordinator of
the Department for Medicine and Medical
Device Policy, within the Ministry of Health,
since March 2017.

He does not own Antibiotice shares.*

Ioan Nani, 60 years old
Vice President of the Management Board
General Director

Reconfirmed as a member of the Manage-
ment Board on April 19, 2016 for a four-
year term (the third term); he was then
elected VicePresident by the members
of the Management Board.

Mr. Nani is an economist specialized in
management, a chartered accountant
and a member of the Board since 2009
as well as the company's General Director
(1998-2008 and 2009 - present day).

He owns 1,513* Antibiotice shares.

Cristian Vasile Grasu, 59 years old
Member of the Management Board
Representative of the Ministry of Health
Elected as a member of the Board on
September 10, 2019, for a four-year term.
Physician, coordinator of the General
Directorate of Health Care and Public
Health of the Department for monitoring
and coordinating the implementation
of regional hospitals at the Ministry of
Health, as well as coordinator of the
priority actions of the Minister of Health.
He does not own Antibiotice shares.

Nicolae Stoian, 63 years old
Member of the Management Board
Representative of SIF Oltenia

Elected as a member of the Board on
April 19, 2016, for a four-year term
(the second term).

Mr. Stoian is a chartered accountant,
a tax consultant as well as a member of
the Management Board of SIF Oltenia.
He does not own Antibiotice shares.

Elena Calițoiu, 56 years old
Member of the Management Board
Representative of the shareholder
SIF Oltenia

Elected as a member of the Board
on April 19, 2016, for a four-year term
(the first term).

Ms. Calițoiu is a mechanic engineer
and Director of Investments and Risk
Management Unit with SIF Oltenia.
She does not own Antibiotice shares.

Advisory Committees

The specialized advisory committees
conducted investigations and analyzes,
elaborated recommendations for the
Management Board and submitted
periodic reports on their activity to the
Board.



Composition of the Advisory Committees of the Management Board

1. Audit committee supports the Board in
carrying out financial reporting, internal
and external audit, risk management and
internal control.

Cristian Vasile Grasu

Nicolae Stoian

Elena Calițoiu

**2. Nomination and Remuneration
Committee** supports the Board in nomina-
ting the candidates for the Management
Board, proposes the amount of remune-
ration for the members of the Board and
Executive Management.

Dan-Octavian Alexandrescu

Elena Calițoiu

* The number of Antibiotice shares (ATB) held
on December 31 2016 (according to the latest
database held by Antibiotice for 2019).

3. Trade Policy Committee supports the Board in setting the company's policies and commercial relations.

Dan Octavian Alexandrescu
Nicolae Stoian

Executive management

Executive management of Antibiotice SA is provided by a General Director, who also holds the position of Vice President of the Management Board, together with nine specialty directors.



Composition of the Executive Management of Antibiotice SA on December 31, 2019

Ioan Nani, 60 years old
 General Director and Vice President of the Management Board
 He owns 1,513* Antibiotice shares.

Cornelia Moraru, 54 years old
 Engineering, Investments & Strategic Projects Unit
 She owns 1,513* Antibiotice shares.

Paula Luminița Coman, 52 years old
 Specialty Director
 Financial Unit
 She has no Antibiotice shares.

Vasile Chebac, 65 years old
 Specialty Director
 Commercial & Logistics Unit
 He has no Antibiotice shares.

Mihaela Murariu, 41 years old
 Specialty Director
 Human Resources Unit
 She has no Antibiotice shares.

Cristina Diaconescu, 52 years old
 Specialty Director
 Research & Development Unit
 She owns 1,514* Antibiotice shares.

Dana Elena Săcărescu, 47 years old
 Specialty Director
 Strategic Planning & Performance Management Unit
 She owns 222* Antibiotice shares.

Iosif-Oliver Ababei, 44 years old
 Specialty Director
 Quality Assurance Unit
 He has no Antibiotice shares.

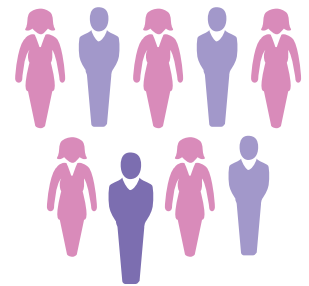
Liviu Vătavu, 48 years old
 Specialty Director
 Legal Unit
 He has no Antibiotice shares.

More details on corporate governance are available in the 2019 Management Report or on the Antibiotice website - www.antibiotice.ro



2019 Management Report:
<https://bit.ly/2GfaOsM>

Gender diversity in the Executive Team of Antibiotice



Men:
45%
 Women:
55%

Diversity within the Management Board of Antibiotice SA

Age group	< 30	30-50	> 50	Total
Members of the Management Board	0 0%	1 20%	4 80%	5 100%
Members of the Executive Management	0 0%	4 45%	5 55%	9 100%



Economic performance

The economic performance of Antibiotice SA results from the consistent application of the strategies included in the business plan. The main diagnostic indicators highlight the management's ability to determine, through coherent and sustainable policies, the upward trend that the company had during the reporting period, as well as the continuous concern for constantly making the business more efficient and maintaining the financial balance.

Antibiotice SA is a joint stock company, for which the financial and non-financial reporting is performed annually. The financial reports of Antibiotice SA for the financial year ended on December 31, 2019, can be consulted in the 2019 Management Report.



2019 Management Report:
<https://bit.ly/2GfaOsM>



About a quarter of the sales value (**95.4 million LEI**) is transferred to the state budget in the form of taxes and duties

The economic performance of Antibiotice SA in 2019

	2019	2018	2017
Net turnover (LEI)	390,646,543	365,304,988	337,629,448
Gross profit (LEI)	35,179,893	35,088,611	35,361,430
Average number of employees	1415	1415	1420
Wage taxes and fees	40,034,467	36,123,811	34,169,838
Other taxes to the state budget	11,716,383	10,258,105	9,241,601
Clawback tax	42,210,924	36,484,839	29,923,031
Local taxes and fees	1,464,931	1,125,783	1,106,741
Total taxes and fees	95,426,705	83,992,538	74,441,211



Product portfolio

Antibiotice SA is the most important Romanian manufacturer of generic medicines, contributing to maintaining the health of the Romanian people, but also of patients around the world. For over six decades, our company has been a reliable ally of the health system, acting with integrity and meeting the ethical principles in all its activities.

Our company has been constantly investing in technology, knowledge and human resources, thus maintaining the national and international standards that certify the safety, quality and efficiency of the 150 products from its portfolio (finished products and the active substance Nystatin).

Being permanently focused on ensuring a sustainable portfolio, Antibiotice has been constantly investing in identifying new opportunities to grow and diversify its current product portfolio, to develop new medicines consistent with the incidence of diseases and therapeutic trends. Constantly vigilant to the needs of health professionals and patients, our company reacts promptly to the demand for medicines, adapting and diversifying its portfolio for coping with the peculiar challenges faced by the health system.

Complex and diverse portfolio comprising, **150** medicinal products in 12 therapeutic areas

Currently, the Antibiotice portfolio comprises medicines for:



infections (anti-infectives for systemic use and for tuberculosis)



diseases of the digestive tract



cardiovascular diseases



gynecological diseases



dermatological diseases



Our company has also a portfolio of adjuvant products for maintaining the health:



central nervous system (CNS) disorders

● food supplements

● dermato-cosmetics

● medical devices



musculoskeletal disorders (MSDs)

● non-prescription medicines (OTCs).



hemorrhoidal disorders

Nutriensa® range - food supplements designed to maintain the health of every organ and system in the human body

Partner of the hospital doctors, through the **anti-infective portfolio**

"Antibiotics of the 3rd Millennium" - an education and social responsibility program dedicated to limiting the phenomenon of bacterial resistance.



Anti-infectives

Antibiotice SA is a reliable partner for hospital doctors, through the complex portfolio of anti-infective medicines (beta-lactams, penicillins, cephalosporins, carbapenems and polymixins) and supports the National Tuberculosis Prevention, Surveillance and Control Programme (PNPSCT) by producing the full range of the first-line antituberculosis medicines and a part of the second-line antituberculosis medicine range.

Hospital&Partners is our portfolio of medicines for hospitals, the promotion focusing on developing good practices in the use of antibiotics, sustained by the "Antibiotics of the 3rd Millennium" campaign.

This education and social responsibility program launched by Antibiotice SA is both for health professionals and general public, and reflects the company's concern as the anti-infective medicines to be correctly and judiciously used, in order to maintain their effectiveness for the future generations.

Cardiovasculars

Cardiovascular diseases are the main cause of death in Romania and worldwide. An increased life expectancy, but also the incidence of obesity and diabetes, will lead to an increase in the number of patients with cardiovascular diseases. In order to support them, Antibiotice has developed a complex portfolio of medicinal products which can provide the complete therapy for cardiovascular diseases. This portfolio addresses chronic conditions such as high blood pressure, angina pectoris and heart failure. The cardiovasculars from our portfolio ensures patients's access to the main drugs used in the therapy of cardiovascular diseases: beta-blockers (Bisotens® - bisoprolol, Nolet® - nebivolol, Gladycor® - carvedilol), conversion enzyme inhibitors (Lisinopril Atb®, Ramipril Atb®), calcium channel blockers (Almacor® - amlodipine), statins

(Rosuvastatina Atb®), sartans (Candesartan Atb®), diuretics (Indapamida Atb®) and acetylsalicylic acid (Rompirin® E).

Dermatologicals

In the Romanian market, Antibiotice SA is the leading producer of topical medicines in terms of quantity: ointments, creams, gels, suppositories and pessaries.

The topical medicines manufactured by Antibiotice fall in the following therapeutic classes: anti-inflammatories, antifungals, vasoprotectives, dermato-cosmetics and corticosteroids for dermatological use, antibiotics and products for genitourinary disorders.

Along with the traditional topical medicines such as Nidoflor® cream (triamcinolone acetonide, neomycin, nystatin), Fluocinolon® N ointment (fluocinolone acetonide, neomycin sulfate), Clafen® gel, cream and suppositories (diclofenac sodium), Hemorzon® suppositories and ointment (tetracycline, hydrocortisone acetate, benzocaine) or glycerin suppositories for adults and children, Antibiotice has created a new portfolio: the product range for women's health: Zifex® complex pessaries (nystatin, neomycin, metronidazole, hydrocortisone acetate), Zifex® duo (metronidazole, clotrimazole), Nystatin Atb® and the dermato-cosmetics range [Cutaden®, Cutaden® Bebe, Tinero® (nicotinamide, dexpanthenol) and Fluxiv® cream (troxerutin, dexpanthenol)].

Life quality

Antibiotice SA has been continuously developing its adjuvant portfolio for certain conditions with an increased incidence and for maintaining the human health: food supplements, dermato-cosmetics, medical devices and non-prescription medicines (OTCs).

Life Quality is the concept defined in medicine as the physical, mental and social well-being, as well as the ability of the individuals to perform their usual daily tasks.

In this context, under the *Life quality* concept, our portfolio comprises solutions for the treatment of various diseases in the following areas: cardiovascular, genitourinary, musculoskeletal, dermatology, digestive tract as well as remedies to maintain homeostasis of the body, such as food supplements. *The Life quality* concept comprises the *Women's health portfolio* and *Nutriensa®* range:

- The **Life Quality** concept is intended to strengthen the identity of the portfolio for preventing and treating the obstetrical and gynecological disorders;
- **Nutriensa®** range is an umbrella brand for the food supplements manufactured by Antibiotice.

The Nutriensa® food supplements contain highest quality ingredients, in unique combinations of standardized plant extracts, vitamins, minerals and amino acids that can be administered without a prescription: Equilibra®, Fezivit C®, Fluxiv® tablets, Fluxiv® cream, Lejer®, Silithor®, Soriso®, Sprinten®.

Nutriensa® range is intended to maintain the health of each organ and system in the human body (central nervous system, digestive tract, peripheral vascular system, musculoskeletal system), for personal care, prophylaxis or in case of mild symptoms.

All the Antibiotice food supplements are formulated by our highly experienced research team and manufactured in compliance with the same quality standards as medicines.

Nutriensa® brand of food supplements manufactured by Antibiotice



Antibiotice supports the quality of life through the portfolio dedicated to:

- **dermatological health**
- **cardiovascular health**
- **women's health**
- **well-being** with the range of standardized extracts, **Nutriensa®**.

☐ You can access the top products for which the Antibiotice is the sole manufacturer to <https://bit.ly/33PQfel>



Domestic market

Antibiotice SA has had a continuous presence in the Romanian pharmaceutical market for over 64 years. Antibiotice was the first South-East European company that produced penicillin in 1955, becoming in time one of the pharmaceutical market leaders in Romania, an important manufacturer of finished medicines and active substances, with a 150-product portfolio covering 12 therapeutic classes (source: Cegedim SO).

Antibiotice products are sold in almost all the pharmacies from Romania (over 8,000 pharmacies according to INS), in more than 360 public hospitals as well as in more than 160 private hospitals (units with beds).

Our company is intensely concerned with ensuring continuity in distribution, for an easy access of patients, doctors and pharmacists to medicines. To this end, Antibiotice concluded commercial contracts with the most important distributors which cover both the hospital and retail segment (the latter also including the main chains of pharmacies with national coverage).

In the current context, in which the distributors focused their development efforts, setting up their own sales and communication channels with patients through the pharmacy chains and the number of independent pharmacies decreased year by year, Antibiotice has

accordingly adapted its commercial and portfolio strategies. Thus, our company's actions have been oriented towards adapting the product portfolio according to the specifics of the addressability segment (patients) of each partner distributor. We concluded long-term agreements with the main distributors, differentiated by product portfolios, so that patients have the certainty of an uninterrupted treatment with the medicines recommended by the prescriber.

As regards the non-prescription medicines, food supplements, dermato-cosmetics, medical devices, Antibiotice provides for patients product ranges (Nutriensa®, Women's health) in various, complete and diversified pharmaceutical forms to contribute to improving their health and increasing their quality of life.

Our company has developed a strong and competitive team of medical representatives for ensuring a two-way flow of information with the distributors, prescribers, pharmacists, patients, and consequently ensuring an easy access of patients to Antibiotice medicines which lead to an increased satisfaction of the clients. This team is also a professional support for the partner distributors in order to determine the dispersion of medical and commercial information in the territory, in as many pharmacies and medical offices as possible.



Leader in the segment of generic anti-infectives with a

31%
market share



Leader in the segment of generics and OTCs (sold in hospitals) with a

15.6%
market share

The joint team of medical representatives, portfolio management, research-development specialists which relate to the key opinion leaders (KOL) are permanently concerned to define therapeutic solutions adapted to current medical trends.

Antibiotice is a serious and important partner of the local health authorities both as a consultant on health policies in the field of communicable diseases (tuberculosis, syphilis) and chronic diseases (heart diseases) as well as a constant supplier of affordable medicines in hospitals. For some of these medicines, our company is the only tenderer that meets the European GMP standards of the active substances.

The company's activity reflects a constant interest in performance, in order to provide patients with quality, safe and effective products. Thus, in a fiercely competitive market, Antibiotice SA has consolidated its leading position in traditional market segments, recording notable performances:

- > **leader** in the segment of generics and non-prescription medicines (OTCs) sold in hospitals, with a 15.6% market share (source: Cegedim SO);
- > **leader** in terms of quantity of sterile powders for injection (72.9%), ointments (23.9%) and suppositories (42.5%) (source: Cegedim SO). Because our company has been building one of the largest plants

of solid and semisolid topical products in Europe, its strategy focuses on maintaining the leading status in the segment of topicals (ointments, creams, gels) intended in particular for dermatological, musculoskeletal and peripheral vascular inflammatory diseases. (source: Cegedim SO);

- > **ranked 6th** in the segment of generics and OTCs (4.53% market share)
- > **ranked 4th** among the 128 manufacturers of prescription generics in the Romanian market (source: Cegedim SO);
- > **ranked 17th** (among 230 companies) in the top of over-the-counter medicines and food supplements (source: Cegedim SO). All the food supplements produced by Antibiotice are based on the experience of its researchers, being manufactured in compliance with the quality standards met for medicines.





Foreign markets

The development strategy implemented in the recent years turned Antibiotice from a local into an international company, with representative offices in Vietnam, Republic of Moldova, Ukraine and a local office in Serbia. Antibiotice SA conducts its business on all the continents of the world and sells a portfolio comprising 95 finished products and the active substance Nystatin.

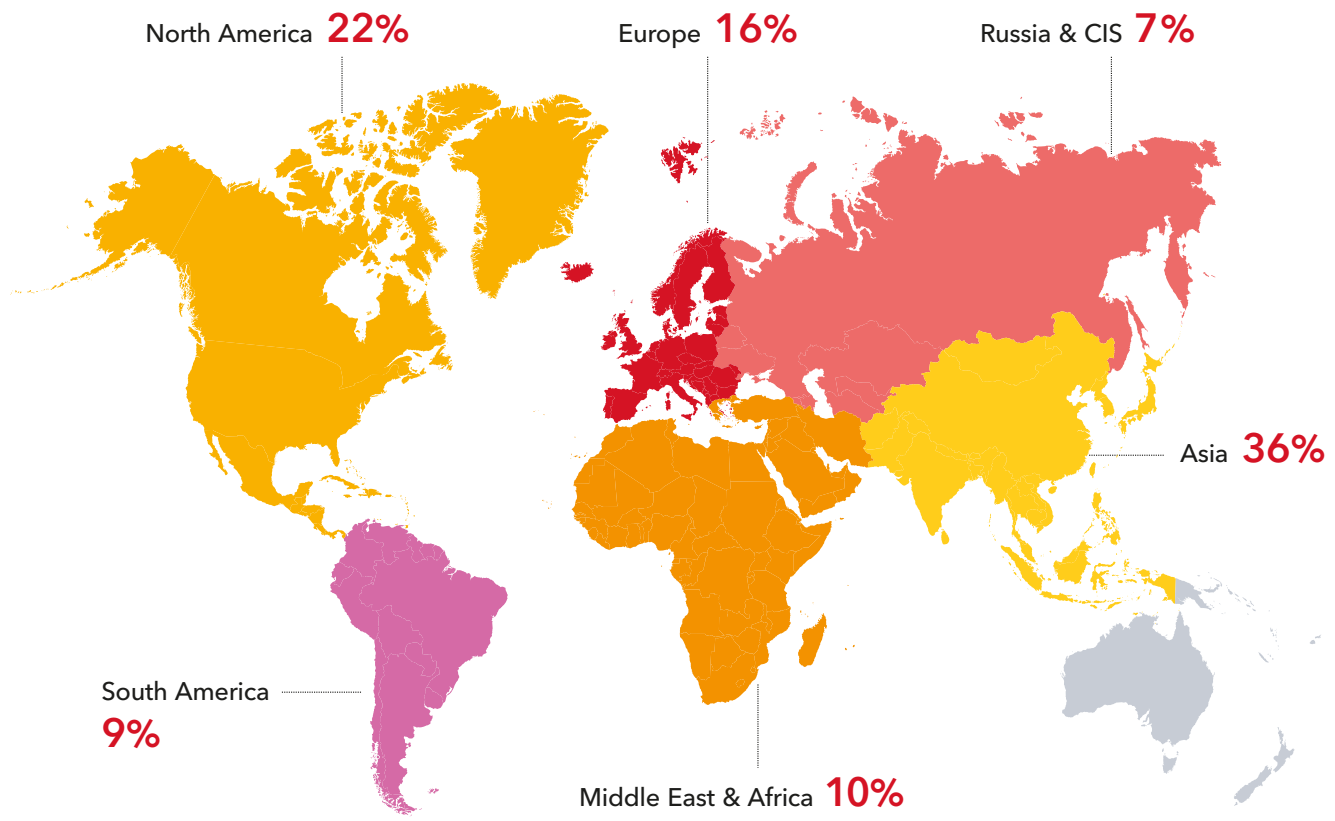
Well-known as a pioneer in the production of penicillin (started only a decade after its discovery by Alexander Fleming), our company is currently an international supplier of simple and combined penicillins in the USA, Vietnam, Republic of Moldova, Hungary, the Netherlands, Denmark.

In 2019, our export increased to 40% from turnover, and the main growth engine was the sale of finished products. The sales in the ATB territories, where our company opened its own representative offices, recorded a 65% increase compared to 2018. In Vietnam, for instance, Antibiotice has become the main exporter of finished products from Romania.

Last year, Antibiotice launched internationally 10 products and concluded new partnerships for extending its finished product portfolio, which created a sustainable basis for the internationalization of the business.

The opening of representative offices in foreign markets started from the principle

International sales breakdown 2019



that these territories have similarities in consumption and therapeutic behaviors with the Romanian market, this leading to applying to strategies similar to those applied in Romania as regards the product portfolios, business models and promotion actions.

The result of this international development strategy has been reflected in a steady increase in the degree of accessibility of the finished products exported by our company for the patients worldwide. In this way, Antibiotice supports the international health systems, some of them from emerging countries, with accessible and quality generic medicines, always adapting the form of packaging and therapeutic doses to the specifics of the population and route of administration in these countries.

Antibiotice is the world leader in the manufacture of the active substance Nystatin - the only pharmaceutical Romanian product obtained by a biosynthesis process, our product being the USP reference standard approved by Food and Drug Administration (FDA).

In 2019, our company started investments both in technological processes and form of packaging of the active substance Nystatin, strong premises for improving the product quality. These investments meet the increasingly diversified requirements in the context of business internationalization.

External trade relations have materialized, over time, in collaborations with over 200 business partners. In this context, the export of the Antibiotice products in various markets required the conclusion of distribution and representation (agency)

agreements by which our company can be assured that each local distributor of our products is well represented in the market (covered market share, sales structure - own pharmacy chains, promotion teams), has the capacity to register and market the Antibiotice products, elaborate long-term development strategies and identify new products that lead to a growing and sustainable evolution of our company in these markets.

The business model adopted by Antibiotice is one based on integrity, competitiveness, ethics and transparency. Our relations with business partners are based on a non-exclusivity and mutual benefit, meeting the national legislations specific to the countries where our own products are registered and marketed.



Export -
40%
of the company's
turnover



World leader
in the production of
Nystatin (active substance),
USP International
Reference Standard



**Operational
sales
representatives**
in Vietnam, Ukraine,
Republic of Moldova
and Serbia



Internationally recognized
**certifications
and
authorizations**

Value chain

The value chain has a fundamental role in the activity of Antibiotice and involves going through precise steps and rigorous procedures through which the company creates value both for itself and for its partners. Minimizing the impact on the environment, as well as ensuring compliance with the principles of sustainable development are constant concerns throughout all the activities integrated in the value chain.

The process begins with identifying long-term viable therapeutic solutions followed by research and development of new pharmaceutical products, our company having permanently under consideration the assurance of quality, safety and efficiency standards.

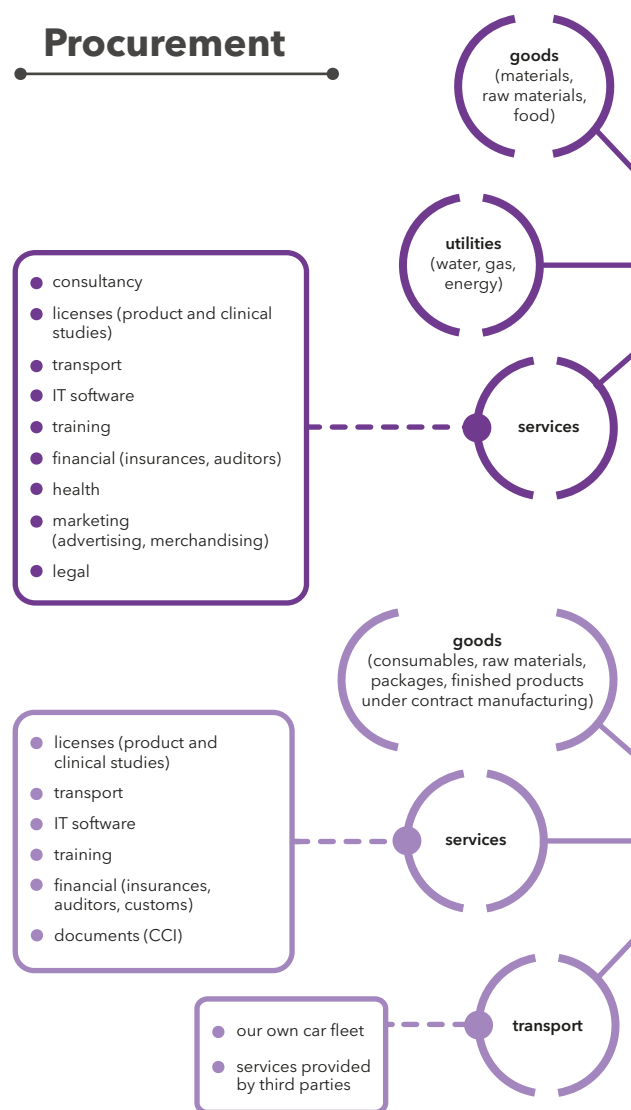
Suppliers of raw materials are selected on the basis of compliance of their quality system with the international good manufacturing practice standards (GMP). This way, Antibiotice uses only quality raw materials purchased from authorized manufacturers who are our reliable partners in the mission of developing a sustainable business.

As regards the indirect procurement procedure for services or products that are not directly related to the manufacturing process of medicinal products, suppliers are evaluated on the basis of economic selection criteria, respecting the 3Es concept: Economy, Efficiency, and Effectiveness.

Throughout the value chain, our company's aim is to constantly optimize the production, packaging, storage and transport processes, as a guarantee that its medicinal products reach the final consumers in the best conditions.

In the final phase of the value chain, our products leave the Antibiotice's warehouses and enter our distribution partners' warehouses, from where they are delivered in the hospital pharmacies "after winning the tenders" and in the retail pharmacies.

Our company's promotion team, through an ethical promotion and by developing continuous medical education programs dedicated to health specialists, aims to

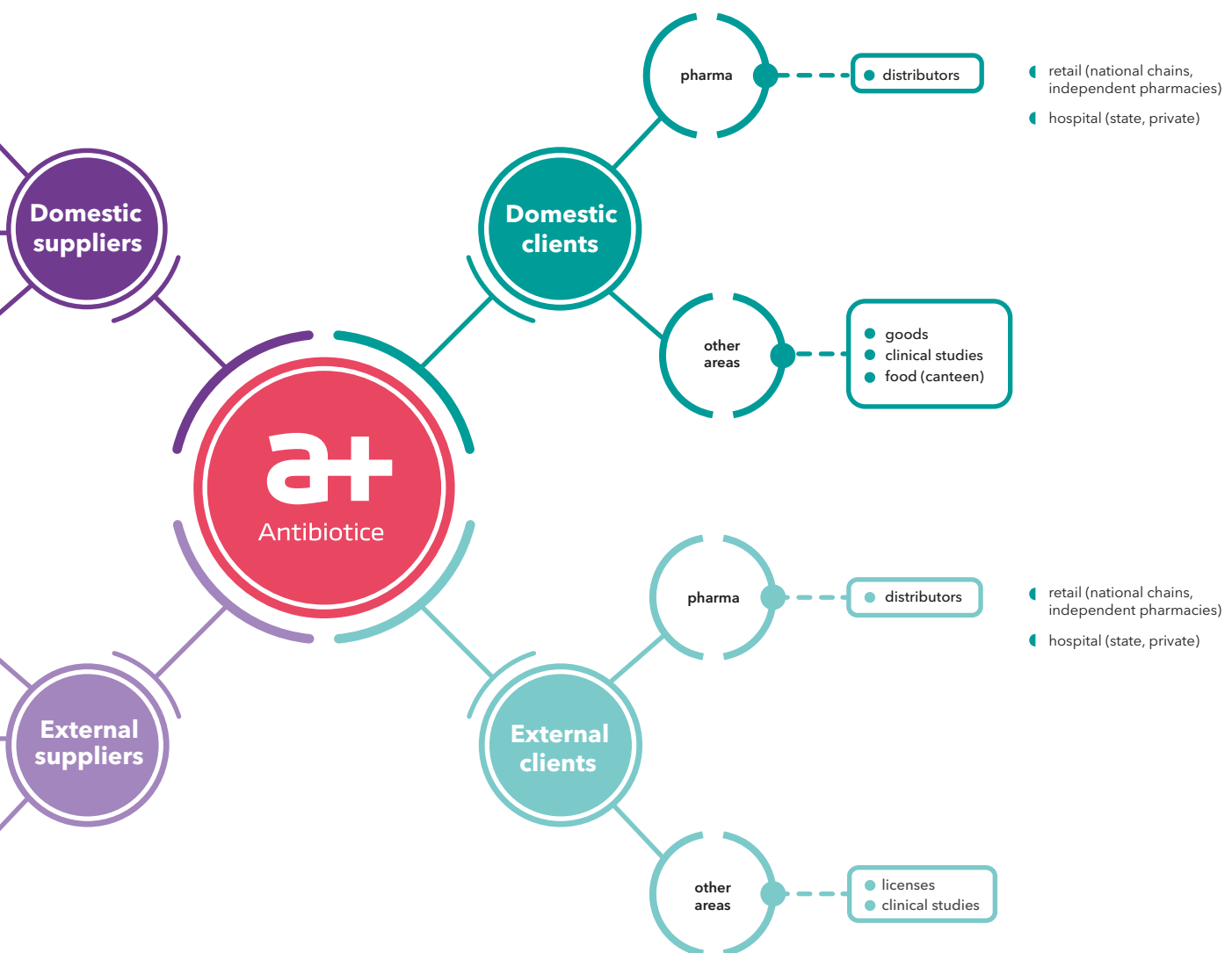




increase the degree of accessibility, contributing to the balanced absorption of Antibiotice products in consumption.

The teams of specialists within Antibiotice SA are actively involved in the timely identification of elements that could slow down the processes in the value chain, intervening so that risks are minimized and procedures are constantly improved.

Distribution



Antibiotice's manufacturing site

The manufacturing site, which also hosts the headquarters of Antibiotice SA is located in the City of Iași. With eight manufacturing flows verified and GMP certified by the National Agency for Medicines and Medical Devices (NAMMDR), our company has the most complex pharmaceutical manufacturing structure in the country.

Seven manufacturing flows produce generic medicines for human use in various pharmaceutical forms (capsules, tablets, sterile powders for injection, ointments, creams, gels, suppositories, pessaries etc.). The eighth flow is intended for the production of active substances. Since 1985, on this manufacturing flow, through a unique process in Romania (industrial biosynthesis), Antibiotice has been producing Nystatin, an antifungal product. Its technology was improved between 1995-1997 and the

manufacturing process started to be optimized since 2006 which led to a significant increase in the productivity of this active substance. As a result, since 2012, Antibiotice has become the world leader in the production of this active substance.

Quality of our sterile powders for injection and active substance Nystatin is confirmed by the approval granted by the Food and Drug Administration (FDA), the American pharmaceutical regulatory authority.

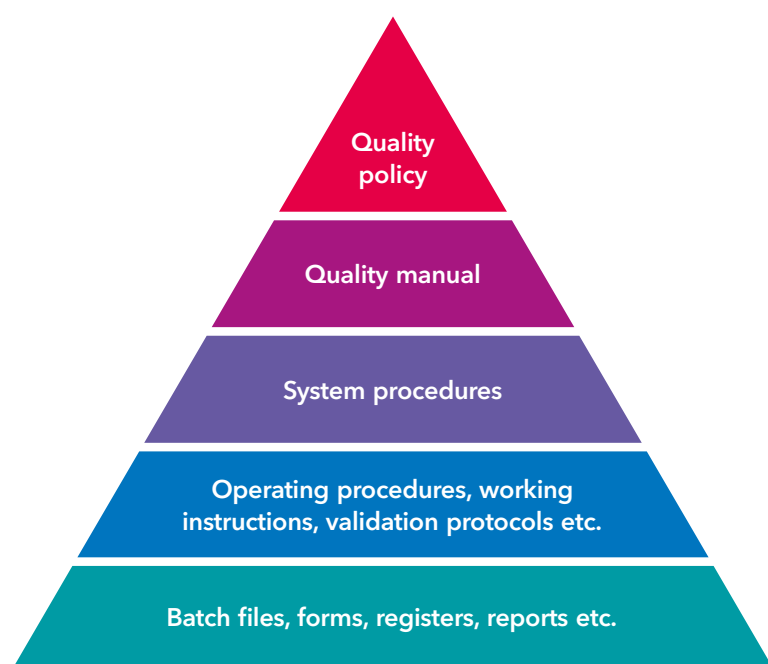
For conducting phase I clinical and bioequivalence studies, our company set up in 2006 its own Center for Clinical Studies, periodically authorized by NAMMDR. The Analytical Laboratory within this Center is also certified by NAMMDR according to the Good Laboratory Practice (GLP) standards.

These certifications and authorizations demonstrate the company's ongoing concern for the quality of its products, which is ultimately reflected in its commitment and responsibility towards the health of consumers, employees and environment. In this regard, the processes within Antibiotice are carried out according to the Integrated Management System of quality, environment, occupational health and safety. This framework governs all the processes, starting from research-development, supply, production, control to the distribution of medicines to the patients. Certified for the first time in 2007, our company's Integrated Management System received the latest certification in December 2019, after the audit conducted by TUV Rheinland Cert GmbH.

Antibiotice's policy on quality, environment, occupational health and safety:
<https://bit.ly/2nGZSLi>

Compliance with the requirements of the quality management system is pursued, internally, by specialists of the dedicated structures (through rigorous policies and procedures), and externally, by business partners (through periodic audits) and by the Romanian authorities (NAMMDR, ANSVSA) and from the countries in which the Antibiotice products are authorized (through inspections).

Pyramid model of the quality management system in Antibiotice SA





The Quality Management System implemented by Antibiotice in accordance with the EU GMP requirements and ISO standards complies also with the GMP requirements of US FDA (a fact attested by the Acceptance Letter obtained in 2017). This recognition has increased the confidence of our international partners in the robustness and performance of the quality system implemented by Antibiotice, making possible the communication in a common language and openness to the whole world.

Medicine serialization

As a manufacturer of generic medicines, Antibiotice SA aligned with the provisions of the Falsified Medicines Directive 2011/62/EU (EU FMD), adopted by the European Union to combat the counterfeiting of medicines. Starting with February 2019, the process of

pharmaceutical serialization has started on all our company's manufacturing flows.

Serialization involves verifying, in real time, the authenticity of each medicine wherever it is in the chain between the manufacturer and patient. All medicines receive two new safety elements: a computer code (a unique code printed on the package) and a physical one (a seal that is easily broken on any attempt to open the package). Serialization is mandatory for all the prescription medicines for human use. In our company, the sealing of the secondary packaging of medicines in the form of capsules and tablets is done by gluing, and of those in the form of ointments, suppositories and parenteral products, through a transparent plastic film.

Standards, licenses, authorizations and certificates valid as of December 31, 2019

Type of authorization	Description	Recertifications	Date of last certification
30 F Manufacturing authorization	Manufacturing authorization for the production of medicines for human use, including the investigational medicinal products issued by the National Agency for Medicines and Medical Devices of Romania (NAMMDR).	Recertification when changing the certification conditions	December 2, 2019
RO 03 Authorization	Authorization for the manufacture of veterinary medicinal products issued by ANSVSA (National Sanitary Veterinary and Food Safety Authority).	Recertification every 3 years	April 11, 2019
7Fsp/2019 Authorization	Authorization for the manufacture of preparations containing narcotic and psychotropic substances issued by the Ministry of Health.	Annual re-authorization	February 4, 2019
861/2018 Authorization	Authorization to conduct clinical trials in the field of medicinal products issued by NAMMDR.	Recertification every 2 years	July 12, 2018
1/2011 Authorization	Integrated Environmental Authorization issued by ARPM (Regional Environmental Protection Agency) Bacău.	Annual approval, revision/reauthorization when changing the conditions of authorization	March 30, 2018
303/2010 Authorization	Water management Permit issued by AAR ("Romanian Waters" Administration) Prut-Bârlad.	Review / re-authorization when changing the authorization conditions	December 20, 2010
023/2018/RO GMP Certificate	GMP certificate issued by NAMMDR following the inspection of the manufacturing, packaging and testing operations for ointment quality control (medicines for human use). The manufacture of medicinal products is carried out in accordance with the Good Manufacturing Practice Guideline, issued and used by NAMMDR for the assessment of applications for manufacturing authorization and for inspection of manufacturers of medicinal products for human use, based on quality risk management principles. The manufacturing authorization system guarantees that all the authorized medicines are manufactured only by authorized manufacturers whose activities are regularly inspected by the competent authority.	Recertification every 3 years	June 5, 2018

Type of authorization	Description	Recertifications	Date of last certification
040/2017/RO GMP Certificate	GMP certificate issued by NAMMDR following the inspection of the manufacturing, packaging and testing operations for the quality control of suppositories, capsules and tablets (medicines for human use).	Recertification every 3 years	August 11, 2017
041/2017/RO GMP Certificate	GMP certificate issued by NAMMDR following the inspection of the manufacturing, packaging and testing operations for the quality control of ointments, suppositories, capsules and tablets (medicines for human use).	Recertification every 3 years	August 11, 2017
056/2019/RO GMP Certificate	GMP certificate issued by NAMMDR following the inspection of the manufacturing, packaging and testing operations for the quality control of sterile products, powders for solutions/injectable suspensions (medicines for human use).	Recertification every 3 years	December 2, 2019
055/2019/RO GMP Certificate	GMP certificate issued by NAMMDR following the inspection of the manufacturing, packaging and testing operations for the quality control of the active substance Nystatin.	Recertification every 3 years	December 2, 2019
58/2019/RO GMP Certificate	GMP certificate issued by NAMMDR following the inspection of the manufacturing, packaging and testing operations for the quality control of the veterinary medicinal products.	Recertification every 3 years	April 11, 2019
GLP 49 Certificate	GLP certificate issued by NAMMDR following the inspection of the Bioanalytical Laboratory within the Antibiotice's Center for Clinical Studies. GLP consists of a set of principles that ensure the quality and integrity of non-clinical trials.	Recertification every 3 years	July 5, 2017
US FDA EIR Acceptance	US FDA Establishment Inspection Report Acceptance is the inspection report issued by FDA after the inspection of the manufacturing flow of powders for solutions/injectable suspensions and manufacturing flow of the active substance Nystatin.	Pperiodic recertification with risk analysis	June 2, 2017
ISO 9001:2015	Quality Management System ISO 9001:2015 is an international standard that specifies the requirements that the quality management system must meet in order for the company to be able to provide quality products.	Annual supervision and recertification every 3 years	December 3, 2017
ISO 14001:2015	Environmental Management System ISO 14001:2015 is an international standard that specifies the requirements that an environmental management system must meet in order for the company to increase its environmental performance.	Annual supervision and recertification every 3 years	December 8, 2017
OHSAS 18001:2007	Occupational health and safety management system OHSAS 18001:2007 is the international standard that sets out the requirements that an occupational health and safety management system must meet in order for the company to control risks and improve its OHSAS performance.	Annual supervision and recertification every 3 years	January 10, 2018
R1-CEP 2003-096 Certificate Rev 02	Certificate of Suitability with the European Pharmacopeia (CEP) for the active substance Nystatin, issued by the European Directorate for the Quality of Medicines (EDQM). CEP confirms that a pharmaceutical substance or an active substance is produced according to the requirements of the corresponding monograph in the European Pharmacopoeia.	Recertification at each change of information in the Master File of the Active Substance (ASMF)	December 4, 2018
10 Certificate	Certificate of conformity for aluminum tubes used in the packaging of ointments, creams and gels.	Recertification every 3 years	March 21, 2018
11 Certificate	Certificate of conformity for screw caps and membrane penetration devices used for closing aluminum tubes with ointments, creams and gels.	Recertification every 3 years	March 21, 2018
12 Certificate	Certificate of conformity for the metal caps for closing the vials with antibiotic products.	Recertification every 3 years	March 21, 2018

Affiliations and awards

Affiliations

The 64 years of continuity and expertise in the pharmaceutical field make Antibiotice SA an important partner for the national professional entities, contributing to the development of the economy, and especially of the Romanian pharmaceutical market for the benefit of patients and, implicitly, of the society. Membership in these organizations facilitates also the continuous improvement of our own business procedures and practices in line with the market trends, legislative requirements and, last but not least, with the integration of sustainability principles in the business plans.

- **Chamber of Commerce and Industry of Bucharest and Iași** represents and supports the interests of member companies and business community in Iași County (www.ccib.ro, www.cciasi.ro). Antibiotice is a member of the Management Board of CCI Iași, and Ioan Nani holds the position of First Vice President.
- **Romanian Association of the Self-Care Industry (RASCI)** - brings together manufacturers, importers and distributors of over-the-counter (OTC) medicines, food supplements and personal care medical devices, active on the Romanian market (www.rasci.ro).
- **Union of Industrial Producers of Drugs from Romania (PRIMER)** - brings together the leading manufacturers of medicines with production facilities in Romania.
- **National Association of Romanian Exporters and Importers (ANEIR)** - promotes the interests of the member companies.

- **Romanian Investor Relations Association (ARIR)** - contributes to the implementation of best practices in investor communication and corporate governance of companies listed on the Bucharest Stock Exchange (www.arir.ro).
- **Organization for Serializing Medicines (OSMR)** - established for the implementation of the European Directive no. 2011/62/UE on falsified medicines and safety rules for the packaging of prescription medicinal products for human use (www.osmr.ro).





Awards

The economic and social results that our company obtained during the reporting period materialized in obtaining honorary awards. These awards are a proof of our company's performance, transparency and integrity:

- **First-place National Prize**, in the category Industry, very large enterprises, manufacture of basic pharmaceutical products, granted by the Chamber of Commerce and Industry of Romania, within the National Top of Companies 2019;
- **Ranked first** in the Industry category, very large enterprises, manufacture of basic pharmaceutical products, an award granted by the Chamber of Commerce and Industry Iași, in the 2019 Top of companies from Iași County;
- **Diploma of excellence**, for ranking 1st for 10 years in a row, in the same category, awarded by the Iași Chamber of Commerce and Industry, within the Top of companies in Iași County 2019;
- **Jubilee Trophy of Excellence 2019**, offered by the National Association of Romanian Exporters and Importers (ANEIR);
- **First place, in the category "Internal CSR campaigns"** for the project "Donate blood! Put soul for life!" of the "Antibiotice - Sciece and Soul" Foundation (project running for 9 years), granted by CSR Media.ro within the Romanian CSR Awards 2019;
- **Mention in the category "Supporting our employees"**, for the project "Each of us can save a life", first aid course for the Antibiotice employees, granted by CSR Media.ro within Romanian the CSR Awards 2019;
- **"Saviour Hero 2019" Distinction** granted to the "Antibiotice - Science and Soul" Foundation, for the project "Donate blood! Put soul for life!" by the National Institute of Haematology - Blood Transfusion Bucharest.



Risk Management

The main purpose of the risk management activity is to help understand and identify the risks to which the company is exposed, so that they can be anticipated and managed, without affecting the effective achievement of objectives. By ensuring a comprehensive risk control, an acceptable level of risk exposure is maintained at minimal cost. Knowing the threats will allow them to be ranked according to the probability of their materialization and extent of the consequences on the objectives, but also depending on the expected costs for implementing the actions to reduce the probability of their occurrence or to limit their effects on objectives.

At Antibiotice, risk management complies with the legal and regulatory requirements in force for identifying, assessing, managing and reporting the risks (Order of the Secretary General of the Government No. 400/2015, amended and supplemented by OSGG no. 200/2016 and OSGG no. 600/2018, Corporate Governance Code of the Bucharest Stock Exchange).

The Antibiotice's risk management objectives are:

- to understand the risks to which our company is exposed, the causes, as well as to set the general and specific objectives;
- to improve our company's risk profile by managing the process of identifying, assessing and managing risks and by implementing the control measures necessary to maintain risk exposure in the tolerable area.

The main risks identified:

Financial risks

From the perspective of financial risk management, the risks to which the company is exposed are the currency risk, liquidity risk and commercial (non-payment) risk.

Currency risk

Foreign exchange risk is a component of financial risk, which frequently occurs in the current conditions of the market economy, in which exchange rates fluctuate under the law of supply and demand. Exchange rate fluctuations are reflected both in the costs of imported raw materials and in the selling prices of finished products for export.

During 2019, periods with higher volatility were registered, with depreciation periods of the LEU currency.

In order to reduce the exposure to foreign exchange risk, our company took a number of measures such as the synchronization of import and export activities, by correlating the payment and collection terms, respectively the correlation of the weight of currencies, so that the moment when the payment is to be made is as close as possible, or even simultaneously, with that of the export receipts.

Liquidity risk

Liquidity risk implies the difficulties that the company may encounter in meeting its short-term payment obligations at any time. Liquidity risk may occur in the following circumstances: the lack of cash flow (due to the gap between receipts and payments, determined by the collection of receivables in terms exceeding 300 days), fluctuations in interest rates and foreign exchange rates, volume of investments, level of taxation (clawback tax), the price of raw materials.

Our company's liquidity risk policy is to maintain, as far as possible, sufficient liquid resources to meet its obligations as they fall due, as well as to use financing lines, if needed.

Commercial risk (non-payment)

Commercial risk is defined as the risk of incurring losses or not making the estimated profits, due to the debtors' lack of financial liquidity and non-fulfillment of their payment obligation upon maturity. The risk of non-payment arises due to high exposures on the main distributors and long payment terms (due, in large part, to the delays with which medical service invoices are settled by the National Health Insurance House).

The measures used by the company to control and reduce commercial risk include monitoring our customers' credit-worthiness, diversifying the customer portfolio and requesting guarantees.

Legislative risks

Legislative changes in the pharmaceutical market lead to the occurrence of legislative risk, which must be continuously managed. Pharmaceutical market is a regulated market, with clear legislative provisions, developed in order to control the quality and therapeutic efficacy of medicines in the market, as well as to avoid counterfeiting. Adaptation to these provisions is reflected in additional costs related to updating the documentation and aligning with the latest quality standards.

Our company's strategy for managing these risks involves the constant concern for obtaining international certifications of manufacturing flows, updating the authorization documentation for products in the portfolio, constantly monitoring legislative changes at international level, continuous adaptation of policies, rules and procedures to the occurred changes.

Human resource risks

An identified human resources risk is the lack of successful candidates in the labor market in specific pharmaceutical market areas. The following measures have been taken to control and reduce this risk: organization of the "Summer School a+" with the best students, promoting our company in faculties, organizing study visits of the students in the company, conducting programs in collaboration with university institutions ("Perform a+" in collaboration with the University of Medicine and Pharmacy Iași).

Reputational risk

Reputational risk is defined as the current or future risk of a negative impact on profits and capital, determined by the unfavorable perception on the company's image.

In order to efficiently manage the events that may give rise to image risk, the following measures are taken: monitoring the image of the company in the media in order to identify any rumors that could generate image risks, periodic press releases with positive information, controlling the risks that may affect the image of the company, continuous training of staff, adapting rapidly to legislative requirements in the field, complying with the procedures.

Operational risk

Operational risk is the risk of loss due either to the use of inadequate internal processes, people or systems (that have not properly performed their function) or to external events. Operational risks can occur due to equipment failure, human error or malfunction of operational processes, which can ultimately lead to unplanned shutdowns.

The company supervises permanently the operational risks, in order to take measures to maintain them at an acceptable level, which does not threaten the financial stability of the company and the interests of creditors, shareholders, employees, partners.



Stakeholder involvement

The dialogue and consultation process of stakeholders to identify risks, opportunities and issues that require increased attention from our company, management team and employees, took place in the first part of 2018. Through a comprehensive methodological approach (one-on-one interviews in Iași and Bucharest, an extensive meeting organized at the Antibiotice's headquarters in Iași and an online questionnaire), the process aimed at identifying the stakeholders' needs and expectations on:

- ▶ the economic, social and environmental impact generated by the activity conducted by Antibiotice SA;
- ▶ identifying potential risks and opportunities.

The aim of this dialogue was for all data providers and those with legal responsibility for their correct reporting to have a common understanding of the role and importance of the non-financial reporting. The consultation process was based on the AA1000 SES standard of the AccountAbility organization and the GRI 101 standard of the Global Reporting Initiative (GRI) organization.

Thus, in order to establish the stakeholder groups to be consulted, the characteristics recommended in the AA1000 SES standard were taken into account, namely:

- ▶ **the role and the legal, commercial, operational or ethical responsibility** which the company have in relation to the respective group of stakeholders;
- ▶ **influence** of the activity of Antibiotice SA Iași on the stakeholder group (or a single stakeholder) or the activity of the stakeholder group on the activity of Antibiotice SA;
- ▶ **representativeness** of the stakeholder group / of a certain stakeholder;

- ▶ **diversity of opinion**, which ensures a broader and more balanced overview;
- ▶ a better understanding of the context in which the company operates.

The preliminary proposals for initiating the consultation process included:

- ▶ **internal stakeholders:** managers (quality, marketing, human resources, economic, medical, CSR, the Union and the "Antibiotice - Science and Soul" Foundation);
- ▶ **external stakeholders:** local authorities, academia, regulatory bodies (Environmental Agency, Environmental Guard, Ministry of Health, Territorial Labor Inspectorate Iași, etc.), business partners, NGOs.

Finally, a list of 37 people representative for all initial proposals resulted.

The topics included by the representative operators in the Romanian pharmaceutical industry, a series of international standards, as well as European and local legislation on non-financial reporting were also analyzed, in order to have a correct and complete understanding of the context in which the company operates and to identify those areas relevant to the activity of Antibiotice SA.

Based on this document and preliminary topics, a questionnaire was prepared with the aim of collecting qualitative and quantitative data, including the identification of risks and opportunities.

Preliminary topics were evaluated by stakeholders, who appreciated the relevance of each topic for Antibiotice SA in the context of non-financial reporting legislation, of potential risks and opportunities.



AA1000
 AccountAbility
 Principles
 Standard

Materiality process

Reporting methodology

Antibiotice SA decided to use its own system for the non-financial reporting process for 2017, 2018 and 2019, with the Global Reporting Initiative (GRI) sustainability reporting standards as its main reference. The United Nations Sustainable Development Goals (UN SDGs) were used as a secondary reference in the process of identifying the areas relevant for this document.

The Global Reporting Initiative (GRI) recommends for the companies preparing sustainability (non-financial) reports to adhere to a set of ten principles in the reporting process: four principles concern the process itself (inclusion of stakeholders in the activity of Antibiotice SA, sustainability context, materiality and conclusiveness) and six principles refer to the quality of the information to be included in the report (accuracy, balance, clarity, comparability, correctness and timeliness).

Identifying the potential topics

For the correct identification of the topics to be reported, the relevant topics approached by a series of pharmaceutical companies operating in the Romanian market were studied. These can be found either in their annual non-financial reports or in their strategies.

The analysis revealed the main important topics for the Romanian pharmaceutical industry. A number of secondary topics were also identified, which were brought to the attention of the stakeholders consulted by Antibiotice SA, during a consultative meeting organized at the company's headquarters.



Thus, the following topics turned out to be important for the pharmaceutical industry in Romania:

Main topics

- › Efficient use of water, energy resources + waste (environmental field)
- › Employees + Occupational safety and security (social field)
- › Transparency (including through non-financial reporting) (economic field)
- › Anti-corruption measures (economic field)
- › Relationship between management and employees (social field)
- › Responsible marketing policy + Safety of participants in clinical studies (social field)
- › Access to medicines (from the list of WHO pre-qualified medicines and targeting public health) (social field)
- › Pricing policy (economic field)
- › Safety of medicines and their side effects (social field)
- › Vocational training (social field)
- › Supporting the development of the local community (social field)
- › Procurement practices (economic field)


Secondary topics

A number of secondary topics were also identified and brought to the attention of the stakeholders consulted by Antibiotice SA, during the consultative meeting organized at the company's headquarters:

- › Reduction of CO₂ emissions (environmental field)
- › Research-Development (economic field)
- › Public-private partnerships to improve the access to health services (social field)
- › Promoting a healthy lifestyle (social field)
- › Combating counterfeit medicines (social field).



Material topics

Field of impact	Material topics according to the choice of stakeholders and depending on the impact
 Economic	<p>Main topics</p> <ol style="list-style-type: none"> 1 Transparency 2 Anti-corruption measures 3 Pricing policy 4 Procurement practices <p>Secondary topics</p> <ol style="list-style-type: none"> 1 Research-Development
 Social	<p>Main topics</p> <ol style="list-style-type: none"> 1 Our company's employees 2 Occupational safety and security 3 Professional training 4 Relationship between management and employees 5 Responsible marketing 6 Access to medicines 7 Safety of participants in clinical studies 8 Safety of medicines and their side effects 9 Supporting the development of the local community <p>Secondary topics</p> <ol style="list-style-type: none"> 1 Public-private partnership to improve the access to health services 2 Promoting a healthy lifestyle 3 Combating counterfeit medicines
 Environmental	<p>Main topics</p> <ol style="list-style-type: none"> 1 Energy 2 Water 3 Waste <p>Secondary topics</p> <ol style="list-style-type: none"> 1 Emissions

Materiality matrix

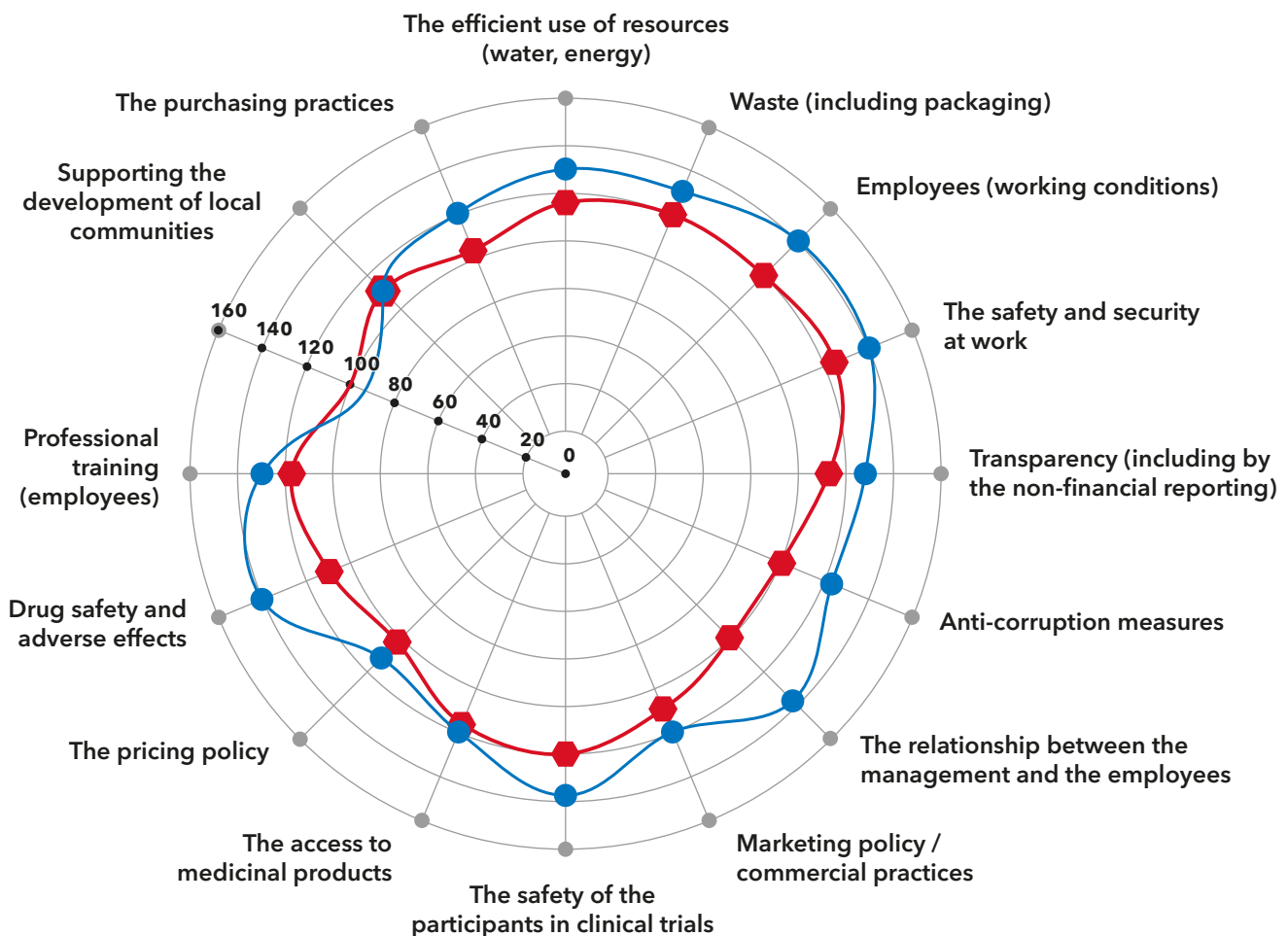
The preliminary topics were assessed by stakeholders, who rated the relevance of each for Antibiotice SA in the context of non-financial reporting legislation.

The result is shown in the materiality matrix (the blue line represents the scale of relevance for the internal stakeholders, and the red line represents the scale of relevance for the external stakeholders).

Based on the results of the materiality matrix, the management team decided to meet the expectations of stakeholders and include in this report information on topics relevant for the Romanian pharmaceutical industry.

With regard to the secondary list of topics, this will be taken into account both for the risk monitoring activity and further development of policies and publication of information, as the impact of these topics becomes significant.

- the relevance for the domestic stakeholders
- ◆ the relevance for the foreign stakeholders



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Transparency

Antibiotice SA assumes the principles of decisional transparency indicated by the rules of good corporate governance by providing information in relation to the activities the company performs as well as their economic, social and environmental impact to interested parties. In this manner, Antibiotice SA makes available relevant information to all those interested in such, both by means of the periodical reports to competent institutions and authorities and by online publishing on the company website www.antibiotice.ro.

Transparency in the relationship with the investors and shareholders

The fact that the company has been listed on the Bucharest Stock Exchange since 1997 (stock symbol ATB), and the adherence and compliance to the requirements of the capital market laws have increased transparency of the company's economic performance, which resulted in an enhanced attractiveness of the company to shareholders and investors. Antibiotice SA provides fair access to information and fair treatment to the shareholders, irrespective of the number of shares they hold. This fact augments not only the extent of knowledge of and trust in the company, but also of the market value of its shares. The information of public interest can be found in the financial and corporate governance reports posted on the websites of the company (www.antibiotice.ro), Bucharest Stock Exchange (www.bvb.ro) and Financial Supervisory Authority (www.asfromania.ro).



Financial Communication calendar
2019: <https://bit.ly/32XM80X>

The information pertaining to the activities performed by Antibiotice SA throughout the financial period January 1 - December 31, 2019, can be found in the Annual Report 2019. Thus, Antibiotice SA complies with the requirements of the legislation in force and the International Financial Reporting Standards (IFRS). The Financial Statement 2019 was audited by an external auditor, the company Societatea de Contabilitate, Expertiză și Consultanță Contabilă, SOCECC SRL București.

Transparency in the relationship with the stakeholders

Since 2017, Antibiotice SA has published various data on the economic, social and environmental impact of its operations in the non-financial report every year. The information contained in the Non-financial Report 2019 covers the activities performed between January 1 and December 31, 2019. This way, Antibiotice SA complies with the legislation in force, reporting some pieces of non-financial information according to a specific system developed in conformity with the GRI standards.



Annual Report 2019
<https://bit.ly/2GfaOsM>

Transparency in the relationship with the medical and pharmaceutical professionals

Each year, Antibiotice SA reports, for the preceding year, the expenses with sponsorship and financing of events intended to support the ongoing medical education of medical or pharmaceutical specialists, to the National Agency for Medicines and Medical Devices of Romania (ANMDMR), in conformity with the provisions of Art. 814 of the Law no. 95/2006 on healthcare reform.



Anti-corruption Measures

Zero corruption incidents

Zero breaches of the measures described in Antibiotice SA's Integrity Plan for implementing the National Anti-corruption Strategy for 2016-2020

Antibiotice SA is an ethical partner that cultivates respect and honesty in relation to both the internal (employees) and external partners (suppliers, business partners, etc.) and, therefore, it has implemented different measures to prevent the occurrence of abuse incidents in asset administration and fund management.

As an entity which complies with the principles of corporate governance formulated in the Government Emergency Ordinance 109/2011 on corporate governance of public enterprises, Antibiotice SA adopted the statement regarding the adhesion to the fundamental values, principles, objectives and the monitoring mechanism of the national anti-corruption strategy (NAS), in accordance to the provisions of the Government Decision no. 583/2016.

In addition, Antibiotice SA developed an Integrity Plan, which contains the measures to implement the national anti-corruption strategy for 2016-2020, and a member of the executive management team was designated as a Plan coordinator. The Plan comprises anti-corruption and transparency measures, including periodic corporate self-assessment and actions aimed at increasing employees' knowledge of good anti-corruption practices.

To prevent corruption incidents in the contractual relationships with the business partners, Antibiotice responsibly selects its partners (suppliers, distributors, etc.), taking into consideration both the compatibility of the business objectives and integrity. Moreover, Antibiotice SA added, in its procedures for negotiating and concluding business agreements, clauses that would discourage and sanction the attempt to attract the company or its employees in corruption actions or acts.

In 2016, in order to promote an ethical business conduct and to preclude incidents of corruption among its employees, the

management of the company decided to create an Ethics and Integrity Board and drafted a set of reference documents and policies applicable in this area: Code of Ethics, Code of Good Practices for Promoting Medicines, Sponsorship and Patronage Policy. Along with the Corporate Governance Code and Internal Regulations, such documents contain the rules and principles for ethical conduct in business recommended to the company's employees and management team.

In 2019, there were no cases of employee disciplinary dismissals or sanctions due to the involvement in corruption acts, and no contractual relationship with business partners was discontinued as a result of suspicions of corruption acts.

Code of Ethics

Antibiotice SA's Code of Ethics underpins the organizational culture, which complies with both the integrity standards and the specific legislation in force. The fundamental ethical values Antibiotice SA assumed are integrity, professionalism, responsibility and transparency.

The Code contains the rules for ethical conduct in business, which are to be followed in transactions with related parties, use of privileged information, conflicts of interest, and so on.

Any violation of the Code is considered an ethics-related incident, and the failure to comply to the Code of ethics may lead to disciplinary actions. The provisions of the Code of Ethics must be applied by the employees, members of the executive management and of the Board to the same extent. The stipulations of the Code are communicated to every new employee or trustee and can be consulted online.

Ethics and Integrity Board

The Ethics and Integrity Board has an advisory role and its mission is to monitor the observance of the provisions of the Code of Ethics and implement the



Adhesion Statement
<https://bit.ly/2SvadGn>

Integrity Plan
for Implementing
NAS 2016-2020
<https://bit.ly/3jDsihi>

Internal Regulations
<https://bit.ly/34sabom>

Code of Ethics
<https://bit.ly/34rAb3g>

principles and deontological rules pertaining to the promotion of medicinal products with prescription. The Board provides support to the company's management in the decision-making process in relation to business conduct and ethical promotion of medicinal products. Its responsibilities include resolution of reports of ethical issues, cases of violation of the Code of Ethics and Code of Good Practices, vulnerability assessment, etc.

Following the analysis of each ethics-related incident, the Ethics and Integrity Board drafts a written report containing the recommended necessary actions and submits such report to the company's Board or CEO, as appropriate.

Reporting an ethics-related incident

Any natural or legal person may report an ethics-related incident. The report must contain personal identification and contact information and addressed to the company CEO. The report can be submitted either in hard copy to the registrar's office of the company or online, after filling out an ethics form in electronic format, to www.antibiotice.ro.

Conflict of interest

Conflicts of interest are the situations in which an individual who has a management position has a vested interest which may influence the objective performance of his or her duties. To prevent such circumstances, the company has an internal procedure in place containing clear rules for managing conflicts of interest and incompatibilities. The Board of Directors and/or the persons who have learned about a conflict of interest, will immediately report such conflict, in writing, to Ethics and Integrity Board.

Code of Good Practices for Promoting Medicines

Antibiotice SA has implemented a code of good practices for both promoting prescription medicines and interacting with health professionals.

The Code defines and implements ethical standards specific to prescription medicinal products to ensure the accurate transmission of information related to generic medicinal products to the health professionals. The Code reflects the requirements of the ethics codes of the European Federation of Pharmaceutical Industries and Associations (EFPIA), the Romanian Association of International Medicine Manufacturers (rom. ARPIM), the Association of Generic Medicines Producers from Romania (rom. APMGR), as well as of the Directive 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the Community code relating to medicinal products for human use.

All employees involved in promotion activities take part in training programs when significant modifications are made to the applicable legislation and regulations.

The Code of Good Practices is communicated to each newly hired medical or sales representative and can be consulted online.

Sponsorship and Patronage Policy

Antibiotice SA's policy on sponsorship and patronage defines the criteria, beneficiaries and manner in which sponsorships are awarded. The provisions are mandatory for all the employees, the members of the Board of Directors and executive management. Thus, Antibiotice SA complies with the requirements of the Law no. 32/1994 on sponsorship.

The Sponsorship and Patronage Policy can be found online.

In 2019,
no
violation
of the
Code of Good
Practices
was reported



Online Ethics Form
<https://bit.ly/33znhgf>

Code of Good Practices
<https://bit.ly/3jvluCq>

Sponsorship and Patronage Policy
<https://bit.ly/3itEkbS>

Pricing

In the EU, the setting of the prices of medicinal products for human use is regulated in a manner that would ensure appropriate stocks of medicines at a reasonable cost, protect public health, support the efficiency of medicinal product manufacturing, and encourage the research and development of new medicines.

For the company's portfolio of prescription medicinal products, prices are set according to the legal provisions of the Ministry of Health's Order no. 368/2017 approving the Norms regarding the calculation method and the approval procedure of the maximum prices of medicinal products for human use. The Order transposes into the national legislation the dispositions of the articles 1, 2, 3, and 4 of the European Council Directive 89/105/EEC of 21 December, 1988 on the transparency of measures to control the pricing of medicinal products for human use and their inclusion in the scope of the national health insurance. According to the Order, to set the price of a medical prescription product, the proposed price of such product is compared to the prices of the same product authorized in the following 12 reference countries: Czech Republic, Bulgaria, Hungary, Poland, Slovakia, Austria, Belgium, Italy, Lithuania, Spain, Greece and Germany. The proposed manufacturer price should be lower than or at most equal to the lowest price of the same medicinal product in the 12 comparison countries. If a medicinal product does not have a price registered in the comparison countries, its price is approved as proposed. For generic medicines, the price should be lower than or at most equal to the generic reference price. The generic reference price is the manufacturer ceiling price to be approved only once, on the date the request for approval of the price of the first generic with the same international non-proprietary name, concentration, and dosage form is submitted.

The prices of the over-the-counter medicines, food supplements and cosmetic products manufacture by Antibiotice are set and modified independently taking into account the market requirements and trends.

In what concerns the international market, the prices of the medicinal products are set following negotiations with the external business partners, competitively and in compliance with the relevant legislation in force in that specific territory.

Taking part in public tenders for medicinal products by means of distributors provides access to the products manufactured by Antibiotice for all medical institutions, in conditions of competitiveness and transparency; at the same time, the company demonstrates its flexibility by reducing product prices within the limits of profitability.

The company's price policy complies with the specific legislation in force (i.e. Law no. 21/1996 republished) adopting fair competitive practices and an ethical business conduct, in line with the provisions of the Code of Ethics and the Code of Good Practices for promoting prescription medicines and interacting with health professionals.

In 2019, Antibiotice SA had accessory payment obligations associated with the clawback, which is the tax owed by the manufacturers for the medicinal products reimbursed by the National Fund for Social Health Insurance and Ministry of Health.

The company was neither a party in, nor was involved in any legal or judiciary actions concerning accusations of unfair competitive behavior, violation of antitrust and anti-monopoly laws in 2019.



Acquisition Practices

In the 64 years of existence, Antibiotice has developed long-term, solid partnerships, which helped the company have an excellent performance both on the internal and international market. Thus, Antibiotice has demonstrated it is capable of building and further develop stable, ethical and trustworthy business partnerships to the benefit of the company, its employees, partners and the economy in general.

The manufacturing and marketing of medicinal products are strictly regulated activities by specific national, European, and international laws. Therefore, for its manufacturing and research&development operations, Antibiotice SA purchases raw materials (i.e. active ingredients, excipients, packaging materials, solvents, reagents, finished and semi-finished products produced by contract manufacturers etc.), pieces of equipment and components for the manufacturing lines, other goods, services or works from authorized suppliers from Romania and abroad (selected from the company's List of Approved Suppliers), based on a selection of offers.

Antibiotice SA's acquisition procedures are regulated by the Internal Rules of Procedure for Awarding Contracts of Supply, Provision of Services and Works (approved by the Board of Directors in 2016).

Share of acquisitions of goods and services from local suppliers (i.e. based in Romania) for the relevant operation location (i.e. the pharmaceutical manufacturing site in the city of Iasi, county of Iasi, Romania) in total acquisition expenses.

Acquisitions from the local market

The company's local acquisitions processes ensure:

- compliance with the appropriate regulations and legislation in force
- unbiased selection of suppliers (providing equal contracting opportunities)

- maintenance of a fair, ethical and transparent system for supplier assessment, which encourages long-term and solid partnerships
- a fair cost-volume ratio, which generates substantial savings in the manufacturing stages
- continuous communication with the suppliers, so that any risk associated with the processes of manufacturing or acquisition be known, assessed and solved in a timely manner.

Acquisitions from the international market

The external acquisitions are permanently adapted to the company's strategy of internationalization, in order to secure the resources of development for the projects included in the territorial expansion plan.

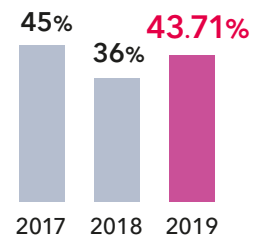
The acquisition process involves the performance of risk analyses to the purpose of anticipating and preventing potential risks.

The international acquisitions have the following strategic objectives:

- **Continuous consolidation of medium- and long-term partnerships**, by developing projects that would ensure business growth; both parties can anticipate and prevent risks that may arise in the current market conditions.
- **Acquisition planning and management**, to prevent delays in the supply with raw materials and secure the smooth running of the research&development, production and market development activities.
- **Increase of the efficiency of acquisition processes and securement of the necessary quantities of raw materials** at the best cost-price ratio (cost optimization) and identification of eligible sources of raw materials, equipment, technologies, and devices that would ensure the compliance with the quality and manufacturing standards described in the relevant legislation as well as the good manufacturing practices for the pharmaceutical industry.

43,71%

of total acquisitions were made from local Romanian suppliers



04

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Our People

Antibiotice SA constantly seeks to orient the organizational culture towards innovation, high performance, and to enhance the level of satisfaction and attachment to the organization aiming that all the 1415 employees embrace the company's mission of doing more and better for people's health.

To successfully achieve the company's business objectives, different specialists are engaged in the research and manufacturing of medicinal products and active ingredients (i.e. pharmacists, biologists, chemists, chemical engineers, laboratory assistants, chemical operators), with the support provided by highly qualified specialists working in areas such as quality control and assurance, engineering and maintenance, sales, acquisitions and logistics.

Of the total number of 1415 employees, 45.72% have a university degree (and 5.4% of such have a doctoral degree) while 54.28% have secondary education. Pursuant to the Romanian legislation, organizations can hire personnel only by concluding contracts of employment. In Antibiotice SA, all the activities are

performed by personnel hired with employment contracts. Most of the employees work at the business' most prestigious location, on the manufacturing site from the city of Iasi, county of Iasi, Romania. The corporate headquarters is located on the same site. A small part of the personnel works at the Bucharest branch office, while the members of the sales and promotion team work in different cities from all the regions of Romania. Abroad, Antibiotice SA has employees working at the representative offices in Chişinău (Republic of Moldova), Kiev (Ukraine) and Hanoi (Vietnam), and at the sales office located in Novi Sad (Serbia).

45.72%
of our
employees
are higher
education
graduates



Distribution of employees by type of employment contract, working time and gender

	2019			2018			2017		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total no. of employees, out of which:									
- with employment contract	773	642	1415	773	642	1415	770	650	1420
- with open-ended employment contract	747	608	1355	707	574	1281	714	590	1304
- with fixed-term employment contract	26	34	60	66	68	134	56	60	116
- full-time (8 hours/day)	772	641	1413	772	642	1414	769	650	1419
- part-time (4 hours/day)	1	1	2	1	0	1	1	0	1

1415 employees
773 women
642 men

Retention of Employees

Three different generations of people work side by side in Antibiotice SA, in harmony and agreement; the oldest ones have been working for the company for 40 years. Our recruitment and internal mentorship programs originated from the company's interest in both attracting new talents and encouraging senior specialists to pass the torch to the younger ones.

Median Age in the Company

	2019	2018	2017
	45	45	45

Number of New Employees and Staff Turnover

In 2019, 130 people were hired (47 with university degree and 53 with secondary education), and 119 employees left the organization. The staff turnover rate was 4.6% (below the planned level of 5% and relatively close to the level in 2018 of 4.37%).

	2019	2018	2017
Staff Turnover*	4.6%	4.37%	8.45%

Total no. of /percentage of new hires and total no. of /percentage of leavers, by age group and gender

		2019				2018				2017			
		New hires		Leavers		New hires		Leavers		New hires		Leavers	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Gender	Women	63	4.45	55	3.89	58	4.10	57	4.03	53	3.73	51	3.59
	Men	67	4.73	64	4.52	44	3.11	54	3.82	69	4.86	69	4.86
	Total	130	9.19	119	8.41	102	7.21	111	7.84	122	8.59	120	8.45
Age group	< 30 years old	39	2.76	9	0.64	32	2.26	14	0.99	42	2.96	23	1.62
	30-50 years old	80	5.65	55	3.89	62	4.38	51	3.60	72	5.07	47	3.31
	> 50 years old	11	0.78	55	3.89	8	0.57	46	3.25	8	0.56	50	3.52
	Total	130	9.19	119	8.41	102	7.21	111	7.84	122	8.59	120	8.45

Diversity and Equality of Opportunity

Antibiotice SA constantly attempts to create appropriate conditions for personal growth and career development for the employees and to provide a stimulating and challenging working environment, in accordance with the principles of diversity, non-discrimination and equality of opportunity. The distribution of employees among the company's departments is well-balanced in terms of gender, age, and level of education.

Number of employees by gender**

	2019	2018	2017
Total no. of employees, out of which:	1415	1415	1420
Women	55.16%	55.06%	54.75%
Men	44.84%	44.94%	45.25%

55.16%
women



44.84%
men

* Staff turnover was calculated by dividing the number of employees who left the company voluntarily (except normal retirements) by the average number of employees in that same year; the result is then multiplied by 100.

** The data were generated by the computer softwares used to manage the information on Antibiotice SA's employees. The data cover the permanent and temporary employees, as well as the employees on medical and parental leaves.

Breakdown of management positions by gender

Board of Directors' members, by gender

	2019	2018	2017
Women	20%	20%	40%
Men	80%	80%	60%

Board of Directors' members, by age

	2019	2018	2017
< 30 years old	0%	0%	0%
30-50 years old	20%	20%	40%
> 50 years old	80%	80%	60%

In 2019, women accounted for:

20%

of the Board of Directors' members,

50%

of the top management,

64%

of the middle management



Gender diversity in the management positions and by categories of personnel

	2019		2018		2017	
	Women	Men	Women	Men	Women	Men
Top management (executive management)	50%	50%	60%	40%	50%	50%
Middle management (managers reporting directly to executive management)	64%	36%	63%	37%	58%	42%
Specialists/Professionals	54%	46%	54%	46%	54%	46%

Age diversity in the management positions and by categories of personnel (%)

	2019			2018			2017		
	< 30 y/o	30-50 y/o	> 50 y/o	< 30 y/o	30-50 y/o	> 50 y/o	< 30 y/o	30-50 y/o	> 50 y/o
Top management (executive management)	0	50	50	0	40	60	0	40	60
Middle management (managers reporting directly to executive management)	6.25	62.5	31.25	6	58	36	6	58	36
Specialists/Professionals	10.18	60.68	29.14	10	63	27	11	66	23

Employees with disabilities

	2019			2018			2017		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
University graduates	2	5	7	1	5	6	0	3	3
High-school graduates	2	2	4	3	2	5	3	3	6
Total	4	7	11	4	7	11	3	6	9



In 2019, the parental leave was requested and approved for **22** employees

Parental Leave

In 2019, a number of 22 employees requested and were approved parental leaves. In addition, 14 employees resumed their jobs upon the completion of their parental leaves.

Parental leave is optional, and granted to any eligible employee, on request, until the child is 2.

Career Development

During 2019, 65 employees were promoted, of which 42 women (65%). The increase in the number of promoted employees in 2019 in comparison with 2018 (i.e. 20) is the result of the process of structural reorganization of the activities, which was completed in December, 2019.

Remuneration

To attract new employees capable to support the company's vision and counteract the low availability of certain kinds of specialists on the labor market, the executive management of the company decided to create a unitary and modern pay system with effect in the period 2019-2022. The new system is structured on predictable salary levels corresponding to each position in the organization hierarchy and aims to align the package of financial and non-financial benefits with each employee's level of performance and individual contribution to the achievement of company's objectives.

Benefits

In addition to the salary, Antibiotice SA grants to all employees, irrespective of the type of employment contract (i.e. open-ended or fixed term) or working time (8 hours/day or 4 hours/day), a standard package of benefits (some of which are negotiated and stipulated in the company's Collective Labor Agreement).

The **standard package of benefits** includes:

- an Easter bonus
- a Christmas bonus
- a bonus on the 8th of March for all women employees, to mark the celebration of International Women's Day
- share of the company's net profit; it is granted each year and takes into account employees' overall performance (evaluated based on established criteria, such as level of performance, achievement of objectives, discipline)
- meal vouchers
- free transportation to and from the company's site in different areas of the city of Iași
- free access to the company's parking lots for the employees using their personal or the company's car for transportation

Women's vs. men's basic salary* and remuneration**, by position and categories of personnel working in the business' most prestigious location

Women's vs. men's basic salary* and remuneration**, by position and categories of personnel (%)	2019		2018		2017	
	Ratio of women's basic salary to men's basic salary	Ratio of women's remuneration to men's remuneration	Ratio of women's basic salary to men's basic salary	Ratio of women's remuneration to men's remuneration	Ratio of women's basic salary to men's basic salary	Ratio of women's remuneration to men's remuneration
Top management (executive management)	104.57	85.10	103.47	106	102.66	117.49
Middle management (managers reporting directly to executive management)	102.11	100.36	103.56	98.42	103.82	99.44
Specialists/Professionals	103.6	97.43	105.1	99.67	107.42	99.98

* Basic salary is the minimum amount paid by the company for the performed work (it does not include the amount paid for overtime or bonuses).

** Remuneration consists in the basic salary plus the additional amounts paid to the employee, such as seniority, overtime, bonuses, benefits, transportation expenses, allowances, etc.)

- additional days to the annual leave (based on criteria such as seniority, working conditions, category of personnel)
- paid personal time off for particular personal events (e.g. marriage, birth, death) or other circumstances
- financial support for personal events (e.g. at child birth for women employees, death of a family member).

Additional Benefits

Depending on the performance criteria or the particulars of the performed work, part of the employees is granted additional benefits, such as:

- performance bonus to the employees included in the management by objectives (MBO) system, according to the level of indicators fulfillment
- private health insurance for 252 employees, based on established conditions (a pilot program initiated in 2018 for 136 employees)
- cell phone
- laptop
- company car
- paid professional training courses.

Amenities

Moreover, on the company's site, there are a cafeteria, an occupational health consulting room, and a dental office. The employees have free access to the sports ground located in the immediate vicinity of the headquarters, the Penicilina gym located downtown and Barnova professional training center located in the town of Barnova outside the city of Iasi. In addition, the employees can open salary bank accounts with the banks the company concluded customized agreements and can access the Employees' Mutual Aid Fund for personal loans.

In 2019, the cafeteria was renovated, refurbished, assigned the new name of Bistro „Pauza de masă”, and reopened as part of a new concept entitled „Healthy Living in a Healthy Company”.

There, the employees can enjoy a variety of warm dishes, salads and pastries. The new meal serving system includes also catering services; thus, hot meals can be delivered directly to the employees who work in the manufacturing plants and cannot leave the site.

Furthermore, Antibiotice SA offers a series of financial facilities such as social assistance in cash, to its employees in special situations (serious health problems, natural disasters, etc.).

Organizational Climate

One of the priorities of the human resources management is the creation of a positive climate which stimulates innovation and high performance. In light of this, in 2019, a plan to optimize the organizational climate was developed based on the results of an employee satisfaction survey carried out in the same year. The plan focuses exclusively on employee-oriented activities and has four parts:

1. Interpersonal communication development
2. Enhancement of employees' empathy and attachment towards the company
3. Employees' identification with the company
4. Organizational climate improvement and organizational culture orientation towards high performance.

In 2019, specific events meant to improve the corporate climate were organized, such as “Happy Friday” or “World Smile Day”; on such occasions, the employees had the opportunity to take part in team games, develop interpersonal communication skills, team spirit, as well as conduct oriented towards the brand values. Moreover, the company held also events designed for the new employees' integration and enhancement of all employees' commitment (e.g. “Welcome to ATB”, “1 plus 1, on December 11th” „World Pharmacists Day”), in which approximately 450 employees were either involved or attended.



Occupational Safety and Security

Antibiotice SA pays special attention to the safety and security of both the employees and visitors. The Internal Prevention and Protection Department ensures that the regulations stipulated by the Law 319/2006 on Safety and Health at Work are complied with. In addition, there are also designated employees in the company with responsibilities in this area, who are periodically trained so that they have updated knowledge and skills to identify and assess hazards and risks whenever changes occur (in equipment, work environment or tasks).

Since 2007, Antibiotice SA's Integrated Management System (Quality/Environment /Occupational Health and Safety) has been certified in conformity with the international standards of ISO 9001/14001/18001.

In November 2019, the company's System was awarded a new certification, SR ISO 45001, by the certification body TUV Rheinland Romania.

The new standard, to which the company made the transition, represents a qualitative leap since:

- considers both risks and opportunities in relation to occupational health and safety;
- takes into consideration the viewpoints of the interested parties;
- the definition of "worker" is extended to incorporate any person who works under the control of the organization, including business owners, executive boards, managers, trainees, volunteers, all employees and contractors.

The Collective Labor Agreement concluded between the Employer and the Union has a dedicated chapter which contains the provisions for the working conditions, occupational health and safety (i.e. Chapter III).

The chapter specifies that in the company, there is an Occupational Health and Safety Committee consisting of five employer's representatives, five employees' representatives (i.e. the union president and union leading members representing different structures in the company), and the occupational health physician. This committee formulates and follows the implementation of the Prevention and Protection Plan, which aims at continually improving the working conditions, keeping the risks of workplace accidents and occupational diseases under control, as well as acquiring the technical progress and the new regulations in the field.

The Committee had three meetings during 2019, and succeeded to implement all the measures described in the Prevention and Protection Plan for 2018-2019 by the end of the year.

The company provides benefits for the employees working in extremes of temperature, starting from **-10°C** (whereas the legal limit is **-20°C**) and **+32°C** (whereas the legal limit is **+37°C**).

On the company's site, there is an occupational health consulting room staffed by a team of occupational health physicians and nurses. The consulting room is open 24 hours a day and is equipped with appropriate medical devices to:

- do pre-employment medical check-ups;



- provide first aid in case of medical emergencies;
- carry out periodic medical examination to assess the employees' health status, in conformity with the occupational health legislation and the requirements on the quality and safety of medicinal product manufacturing.

Each year, prior to the flu season, Antibiotice conducts a free vaccination campaign, which targets the employees working in manufacturing areas requiring a perfect health status. The purpose of the campaign is to reduce the number of diseases caused by flu viruses, visits to the doctor's, prevent absence from work and sick leaves, which would directly affect the activity of the company. In 2019, a number of 250 employees received a flu vaccine.

In addition, the consulting room includes also a dental office, which provides specialized emergency medical assistance, and psychologist's office, which carries out psychological assessments of employees subject to risks, in conformity with the legislation in force. Moreover, the office offers free psychological counseling maintaining confidentiality and protecting client private information.

During the reference year, there was a single serious workplace accident, which resulted in the death of an employee, after four days of the employee's absence from work. The investigations conducted by the authorized institutions showed that the accident was not due to deficiencies in the occupational safety system of the company. Following this event, Antibiotice adopted additional technical and organizational measures designed to prevent and limit the occurrence of a similar accident.

	2019	2018	2017
No. of workplace accidents	1	1	2
Days of absence due to workplace accidents (days)	4	27	93

Workplace Safety Drills for Emergencies

As an industrial company operating in the field of chemical industry, Antibiotice SA has, since 1957, an in-house Emergency Service staffed with 15 hired firemen, 12 volunteer firemen and equipped with an operating fire engine and a backup one, both with a capacity of 9,000 L.

By law, the Emergency Service's main duties are:

- provide information and training in relation to the fire safety rules;
- perform actions intended to prevent occurrence of incidents on the site;
- intervene and act for fire extinguishing, give first aid, and rescue people and material property.

In 2019, a number of 10 safety drills were carried out in the company to test employees' ability to react in different emergency situations (e.g. fire, earthquake, toxic substance emissions), based on the Plan for Emergency Preparedness Training approved by the Inspectorate for Emergency Situations of the Iasi County.

250
employees
received
a flu vaccine



Professional Training

To increase the employees' professional performance, Antibiotice SA has developed programs designed to improve competencies and adapted to the specificity of each activity, according to the internal needs and in close relation to the legislative changes in the pharmaceutical field. Unlike other fields, the manufacturing of medicinal products of human use is strictly regulated and permanently updated, and the changes must be understood and implemented.

Types of Professional Training Programs

The training programs dedicated to the employees include: retention programs for the employees in key positions, in-house training programs and training programs with external trainers. One of the best-known programs is „Summer School a+”, an annual professional training course that started in 2010. It includes courses on management, leadership, communication, product management offered by internal and external trainers.

In addition, Antibiotice SA creates teams of mentors, which are selected from experienced employees, to provide support and guidance to new employees in areas with complex and specific activities, such as those carried out in the plant in which the industrial biosynthesis of Nystatin API takes place (Antibiotice SA is the only company in Romania manufacturing active pharmaceutical ingredients on an industrial scale).

To help employees acquire further knowledge and new skills (not only for improving their work performance in the current positions but also for career advancement), Antibiotice runs career development courses.

Retention Programs for the Employees in Key Positions

Antibiotice SA subsidizes individual training courses for employees in key positions, according to the approved annual training plans. The courses are held by internal and external lecturers.

In-house Training Programs

To the purpose of refreshing the employees professional knowledge and keep them updated with the new regulations in the pharmaceutical field and changes in different business processes, Antibiotice SA organizes training sessions with internal lecturers for the employees involved in production, sales (national and international), acquisitions, research, logistics, or quality assurance. The lecturers are Antibiotice employees with expertise in their field, who have access to national and international professional training courses in agreement with the level of specialization required by the industry and competition.

Training Programs with External Trainers

During 2019, 500 employees attended 8,566 hours of professional training with external trainers. The Professional Training Plan targeted continual professional development, adjustment to comply with the appropriate regulations (relevant for each area of activity) and acquisition of managerial skills and abilities.

Continual professional development included courses for improving specific professional skills (on topics like risk assessment, audit, chromatography, or automation systems). In addition, courses on cGMP compliance were delivered by international lecturers.



500

angajați au participat la cursuri de formare profesională



Average number of training hours* per year and employee, by gender and profession**

	2019			2018			2017		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
By gender	37,5	20,68	16,82	35,2	19,38	15,82	36,26	19,85	16,41
By profession:									
• Top management (executives)	10	5	5	9	5.4	3.6	10	5	5
• Middle management (managers reporting to the executives)	12	7.6	4.4	11	7	4	10	5.8	4.2
• Specialists/Professionals	15.5	8.3	7.2	15.2	8.2	7	16.26	8.7	7.59

* Training refers to all types of trainings and vocational schooling, study leaves paid by the employer, instructions and external courses fully or partially paid by the employer, coaching on specific subjects. The trainings do not include on-site instructions by supervisors.

** The average number of professional training hours per year and employee or category of employees to the total number of employees of the company/total number of employees in that category (for each gender and category).

Still in 2019, a number of 73 employees with management and/or coordination positions from different structures (i.e. Engineering and Maintenance, Research & Development, Finance, human Resources, Commercial & Logistics, Marketing & Sales for Internal and International Markets) attended the training course "Time Management" in order to acquire and improve their managerial knowledge and skills. In addition, 45 employees, with jobs that require project management, attended the course "Project Management" in different series.

Apart from these programs, in 2019, a pilot training project with internal lecturers was carried out. The target audience included 15 specialists from the International Marketing & Sales Unit. Moreover, sessions of training on legislation and regulatory affairs procedures were planned and held,

based on the identified training needs. The program will be continued in 2020 with quality assurance related training topics.

Assessing Individual Performance

Each year, employees from different categories and hierarchic levels have their individual performance assessed. The process includes:

- evaluation of the managers by their superiors
- evaluation of the execution staff by their superiors
- evaluation of the managers by their subordinates.

The results of the evaluations are subsequently communicated to and discussed with the employees with a view to optimizing their activities and improving their performance.

Percentage of employees periodically evaluated for performance and career development, by gender

	2019			2018			2017		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Percentage of employees (of total no. of employees) periodically evaluated for performance and career development (%)	89	49.1	39.9	89.18	49.11	40.07	88.5	48.38	40.12



Employee-Organization Relationship

Collective Bargaining

In Romania, collective bargaining between the trade union (which represents the employees' interests) and the employer (which represents the employer organization's interests) to regulate working conditions, employment conditions etc., is a legal requirement.

In Antibiotice SA, the results of the negotiations between the Free and Independent Trade Union of Antibiotice and the employer are included in the concluded Collective Labor Agreement. Each employee of Antibiotice SA is a beneficiary of the provisions of the collective agreement, irrespective of the type of their employment contract, working time or whether they are members of the union.

Collective Labor Agreement

In Antibiotice SA, the Collective Labor Agreement is valid for two years (with the possibility of extending it only once, for a period of maximum 12 months).

The Contract primarily includes provisions on:

- working conditions, protection of employees' health and safety, environmental protection, and
- emergency situations
- general framework for remuneration, benefits and other amenities
- continual professional training
- working time and rest time
- other employees' protection measures.

Trade Union

The Free and Independent Trade Union of Antibiotice is the employer organization's social dialogue partner and takes part in the negotiations of the clauses of the Agreement as the representative of the company employees. Any employee of

Antibiotice SA may become member of the Union. The Free and Independent Trade Union of Antibiotice is part of the Federation of Free Trade Unions of the Chemical and Petrochemical Industries (which is a member of the National Trade Union Confederation "Cartel ALFA").

	2019	2018	2017
Percentage of employees who are union members of the total no. of employees	78%	77%	83,4%

Employee Communications and Consultation

The union leaders have periodical meetings with the employer's representatives, during which they are informed on the business evolution, level of achievement of the company's objectives and immediate prospects for the activities. In addition, the managing team discuss the decisions that may affect the rights of the employees or create new obligations for them with the union members in advance. Such discussions result in mutually agreed notifications (in compliance with the methodologies specified in the applicable legislation). The Collective Labor Agreement stipulates that the employer can invite union members to attend its meetings as observers, as provided by law, and will ensure them access to documents, in conformity with the provisions of the Law 467/2006 establishing the general framework of employee information and consultation.

The Romanian legislation and collective labor agreements do not have specific provisions on employee communications and consultation in contractual or employment relationships, and provide only a general legal framework detailing the procedures for collective redundancy and protection of employees in transfers of business.

100%

dintre angajații Antibiotice SA sunt acoperiți de sistemul de negociere colectivă



Responsible Marketing

Responsible marketing concentrates on the application of ethical and moral rules and principles in the company's marketing, promotion and sale policies. The principles of ethics are conveyed in the codes and rules of conduct, which describe the elemental guiding lines of behavior in all the activities the company performs.

In Antibiotice SA, ethical practices cover altogether prescription, non-prescription medicinal products, and food supplements. Such practices are assumed and followed both within and outside the national boundaries, and grouped in a **Code of Good Practices** for the promotion of prescription medicines and for interactions with medical and pharmaceutical professionals (<https://bit.ly/2py8rJi>). The Code aims at both preventing any possible incident and solving any received warning, fine or penalty by an internal Ethics and Integrity Board.

The **Code of Good Practices**, along with the **Code of Ethics** and company's **Internal Regulations** provide a legal, transparent and ethical framework for the promotion activities and for the creation of a fair competitive environment for the prescription medicinal products.

The current Code reflects the requirements of the corresponding codes of the European Federation of Pharmaceutical Industries and Associations (EFPIA), the Romanian Association of International Medicine Manufacturers (rom. ARPIM), the Association of Generic Medicines Producers from Romania (rom. APMGR), as well as of the Directive 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the establishing of a Community code relating to medicinal products for human use.

The Code defines the ethical standards specific to medicinal product promotion to be implemented in order to ensure accurate transmission of the information related to generic medicines to health professionals. At the same time, it enables the internal Ethics and Integrity Board to prevent or solve potential deviations.

Antibiotice's representatives comply not only with the provisions of the Code, but also with the applicable laws in force. Such rules refer to the advertising intended for health professionals and that intended for the general public, printed advertising materials, commercials, promotion of the rational use of medicines, compliance with the contents of the summary of product characteristics (SPC), product sample offering, Internet advertising, sponsoring, advertising during medical events, etc.

In what concerns the application of the legal and voluntary requirements on promotion into practice, Antibiotice SA has received **neither fines nor warnings for failure to comply with the legislation on product labeling, promotion and marketing communications.**

Zero
fines and
zero
warnings for
failure to
comply with
the legislation
on medicinal
product
advertising





Access to medicines

Zero
products
withdrawn from
the market

37
Antibiotice
products are
considered
essential
medicines,
according to
the WHO
classification

70
marketing
authorizations
(MAs) and re-
authorizations
for medicinal
products
and food
supplements

Pre-qualified
WHO,
Romanian
manufacturer
of the
**complete
range**
of essential
antituberculosis
drugs

By its very mission, Antibiotice SA makes its valuable generic medicines more accessible to patients, physicians and pharmacists.

Antibiotice's portfolio comprises 150 medicines from 12 therapeutic classes. Our company distinguishes itself also by ranking first worldwide in the production of the active substance Nystatin, a vertically integrated product.

Medicines manufactured by Antibiotice are delivered both in the local market and in over 70 countries in Europe, Asia, North America and Africa.

Our products reach the hospitals and pharmacies from Romania and abroad through our distributor partners with which we have ethical and transparent commercial relations for the purpose of a continuous and active presence of the Antibiotice products in the entire pharmaceutical system.

The ten partners we collaborate with in the Romanian market concluded supply agreements with all the 523 hospitals in the country (368 public and 155 private hospitals) and with the 8,099 (about 2,000 belong to the national chains, and the others are community and regional pharmacies). *Source: INS SAN101B Report on the activity of health units in 2019.*

When concluding the distribution agreements, Antibiotice makes sure that the distribution partners have the capacity to continuously market the products without interruptions in delivery, according to the Good Distribution Practice (GDP) standards. Our company also makes sure that the distributors meet the need to provide affordable medicines and can develop long-term development strategies, leading to a growing and sustainable evolution of the company in those territories.

Our constant preoccupation to provide medicinal products to as many patients as possible led to the opening of four representative offices in Republic of Moldova, Vietnam, Ukraine and Serbia. Through these representative offices, our company is closer to the consumers and local health system, knows and understands consumption and therapeutic habits, constantly adapting to their needs.

The territorial expansion policy is also focused on approaching other territories with developed economies in Europe, America but also emerging countries from Asia. Antibiotice is also interested in penetrating disadvantaged territories with medicines at affordable prices. Thus, Antibiotice supports the communities and health systems from these countries, with therapeutically effective medicines, at prices adapted to the local economic context. In countries from Africa or the Middle East, Antibiotice comes in support of international organizations for combating tuberculosis (Tunisia) and treatment of cardiovascular diseases (Libia, Yemen, Irak).

In 2019, the Antibiotice's specialist teams obtained marketing authorizations for 10 medicines intended both for the internal and external markets. In order to maintain the products already authorized, 60 reauthorization procedures were completed (40 medicinal products for the domestic market and 20 for the international market).

The Antibiotice portfolio provides a number of 37 medicinal products included in the Model List of Essential Medicines of the World Health Organization (WHO). These medicinal products are considered essential, according to the WHO classification (medicines that meet the health care needs of the majority of the population, used in the treatment of the most common diseases).

Safety of participants in clinical studies

As a manufacturer of generic medicines, Antibiotice SA has its own Center for Clinical Studies, a research unit authorized by the Ministry of Health, where bioequivalence and phase I clinical studies without therapeutic benefit are carried out.

Clinical bioequivalence studies certify that generic medicines developed by Antibiotice SA are therapeutically equivalent to the innovative, reference medicinal product in accordance with the national and European Good Clinical Practice (GCP) and Good Laboratory Practice (GLP) rules for medicinal products for human use. The phase 1 clinical studies provide the scientific data needed to confirm the efficacy and safety of medicines.

The Antibiotice Center for Clinical Studies conducts the clinical studies in accordance

with the Declaration of Helsinki, a statement of ethical principles for medical research involving human subjects. The Study Protocol describes the objective, manner of conduct and how the ethical principles are approached, being subject to the analysis and approval of the National Commission for Bioethics of Medicines and Medical Devices.

The subjects' rights, safety and well-being in a clinical study are put before any scientific interest of our company. The inclusion of human subjects in the study is done only after their informed and documented consent. The participation of subjects in clinical studies is voluntary, with the possibility of their withdrawal from the study at any time.

The robust procedures to ensure the safety of volunteers participating in clinical studies are paramount in development of Antibiotice medicinal products.

In 2019, there were no clinical studies prematurely ended for volunteer safety reasons

Safety of Medicines and Adverse Effects

One of the absolute priorities of Antibiotice SA is to ethically and rigorously inform the users of its medicinal products about their actions and correct use, in order to maintain patient safety.

In addition to their proven effectiveness in treating the conditions for which they are indicated, the Antibiotice medicines are permanently monitored to minimize the risks. Continuous actions are carried out for ensuring a transparent communication process towards consumers, involving labeling, mode of administration, efficacy and safety of medicines.

The safety in use, storage and administration of the Antibiotice products are ensured by warnings explicitly mentioned on the product label and leaflet, together with other specific information properly provided so as to help patients and consumers understand the specialized terms.

The label and leaflet of each medicinal product is subject to the approval of the Romanian regulatory authority, National Agency for Medicines and Medical Devices (NAMMD) or other European or non-European authorities prior to placing the medicines in the market, and the information is



Zero

finances, penalties or warnings for non-compliance with applicable regulations

regularly reviewed and harmonized with the requirements of relevant legislation.

Safety of medicinal products is monitored throughout the life of the product, from development, launch and marketing to the expiry of the marketing authorization. The collection of information from various sources (spontaneous adverse reaction reports, literature data, clinical trials, authorities) and the ongoing evaluation of relevant information on the safety of our medicines are performed in order to identify early safety signals, which are periodically analyzed together with the national, and international healthcare authorities.

To report a suspected adverse event for any of the Antibiotice medicines authorized to be placed in the market, all the patients have at their disposal the following email address: sigmedumane@antibiotice.ro and the telephone number: 0232.209.256, along with other identifying information in the leaflet.

All the spontaneous reports of suspected adverse reactions are collected, evaluated and reported in accordance with applicable law. By connecting in 2007 to the European Pharmacovigilance Database (Eudravigilance) and permanent up-dating of the pharmacovigilance system, Antibiotice SA continuously contributes to maintaining the safety of the use of its medicinal products and contributes also to the detection of possible global safety signals and initiation of appropriate measures for the protection of public health, where appropriate.

In 2019, the European Medicines Agency (EMA) completed a series of procedures for the scientific reassessment of the quinolone class safety. Our specialists took part in this process ended with the submission in March 2019 of a letter informing the health professionals about the new conditions for safe use of quinolones as well as the regulatory actions taken.

Starting with 2018, the international medical authorities initiated procedures that took place throughout 2019 and targeted all the manufacturers for detecting and establishing the safety limits on the content of nitrosamines in various active substances and medicines.

Antibiotice engaged in this endeavor of the national and international authorities to apply effective measures to prevent the presence of these impurities in its medicines. Thus, appropriate test methods have been established, ensuring this way the continuous presence of our products in the market (for example the product Candesartan tablets). Similar evaluation actions were carried out for Ranitidine tablets, and the regulatory measures established by the authorities are to be implemented. Antibiotice, as a manufacturer of the active substance Nystatin, started an extensive characterization process in terms of potential risk of presence of nitrosamines in this active substance. At the end of 2019, our Nystatin was tested for detecting two nitrosamines. The risk analysis and analytical results revealed that no nitrosamines were identified in the product Nystatin (active substance).

In 2019, no serious, unexpected adverse reactions were reported in the Antibiotice medicines requiring the withdrawal of the medicines from the market.

During 2019, no incidents regarding:

- non-compliance with the legal regulations imposing a fine or a penalty;
- non-compliance with legal regulations leading to a warning
- non-compliance with the voluntarily assumed codes in the field.

Social responsibility

Acting responsibly, Antibiotice creates long-term value for both the company and stakeholders, respecting the environment, being concerned about the health and safety of employees, supporting the communities in which operates. Developing a sustainable business, ethics and transparency, economic, social and environmental impact represent strategic directions followed by Antibiotice SA also in 2019. Social responsibility programs conducted by our company are based on four strategic pillars: health, education, environment and social areas.

Health

Antibiotice develops social responsibility programs to improve the health of its employees, but also health of the community in which operates. Within these programs, education and information campaigns on health prevention are developed.

"Donate blood! Put your soul to life!" - a blood donation campaign

Under this urge, the Antibiotice employees have participated since 2010, in the blood donation campaigns, organized by the "Science and Soul" Foundation in partnership with the Regional Blood Transfusion Center Iași. Performed biannually, this action responds both to the need to increase the blood reserves in hospitals and to the employees' desire to do a good deed for their fellow citizens, donating blood to solve the urgent medical cases. Our company organized two "Donate blood! Put your soul to life!" campaigns on April 7, 2019, on the occasion of the World Health Day and on October 2019. A number of 120 Antibiotice employees donated 60 liters of blood, saving this way 300 lives. The "Science and Soul" Foundation was awarded two times in 2019 for its efforts to continuously organize (9 years in a row) blood donation campaigns in which the Antibiotice employees were the donors. Our Foundation received the first prize for this program within the Romanian CSR

Adwards Gala organized by CSR Media. The Foundation was also given the "Rescue Hero" distinction granted by the National Institute of Transfusion Hematology Bucharest within the Blood Donor Gala organized by the Voluntary Emergency Service Iași.

"Each of us can save a life!" - first aid courses for the Antibiotice employees

First aid courses make the difference between life and death and health education increases a person's chances of survival if those around him/her know how to intervene until the ambulance arrives. To this end, for the second year in a row, our company organized on the occasion of the Restart a Heart Day (October 16, 2019), a first aid course attended by 100 employees willing to learn the basic first aid measures. This action was carried out in partnership with the Emergency Receiving Unit of SMURD Iași and Emergency Medicine Department within Gr. T. Popa University of Medicine and Pharmacy. The campaign entitled "Each of us can save a life!" was awarded at the Romanian CSR Award 2019 Gala in the "Support for our employees" category and promotes the responsible behavior among the Antibiotice employees.

300

lives saved
by blood
donation

100

employees
ready to
provide
first aid



Education

We invest, with science and soul, in the education of young people who, like our employees, can be highly performant in their career and become responsible behavior models. We recognize and support the role of the local community in forming and developing the company's main source of value - the well trained people.

"Science and Soul" Scholarships - an annual scholarship program for supporting pupils from the rural area

For 18 years running, through its "Science and Soul" Foundation, Antibiotice has been supporting together with the Pro Ruralis Association 5 pupils from the rural area by giving them annual scholarships. This way, our company contributes to the education of some children with special abilities and a higher intelligence coefficient but without material possibilities, supporting them to continue their studies at the secondary and high school, thus giving them the chance for professional achievement and personal development.

Environment

Antibiotice develops a sustainable partnership with the community by carrying out activities meant to protect the environment, being permanently concerned with improving its environmental performance.

"Be Pro-Nature! Put your soul!"

This is an environmental protection project encompassing more programs developed by our company in 2019:

"Orchard at school" is a program through which, year by year, the volunteer employees from Antibiotice plant a fruit orchard around the rural schools. Thus, in April 2019, 70 volunteers from Antibiotice planted 150 fruit trees at the Day Care

Center for children at risk in the Cornești Village, Miroslava commune as well as at the "Constantin Păunescu" Special Gymnasium School Iasi for pupils with different mental disabilities. In addition to its mission of instilling respect for environment in the young generation and maintaining a healthy lifestyle, the 2019 "Orchard at school" project also aimed at offering therapy activities for children with special needs such as planting and caring the young orchard.

"We plant oxygen in the community" is a tree planting program for our employees that involved the greening of an area near the company. Thus, in November 2019, 60 volunteer employees from Antibiotice planted 200 saplings in the immediate vicinity of our company.

"Earth Hour" is a campaign to which Antibiotice has joined since 2008 and involves the symbolic turning off the non-essential electric lights in our company for one hour. 2019 was the 11th consecutive year in which Antibiotice symbolically turned off the lights inside its facilities, joining this way the Earth Hour campaign, the largest environmental manifestation of all times, which draws attention to the effects of global warming and to the measures to be taken, at any level, to stop the phenomenon of environmental damage.



Social field

Antibiotice, through the "Science and Soul" Foundation engages itself in the community life by supporting disadvantaged groups through social programs, some of which have become traditional.

"Power of deed" - charity in the Easter holidays

Around Easter, the "Science and Soul" Foundation made a humanitarian gesture for 23 needy families which together have 121 children, from remote localities of the Iași County (Zmău Village, Lungani Commune, Dumești and Cosițeni villages from the Dumești Commune). Each family received a package containing basic foods, traditional products, cleaning products and stationery for children.

"We prepare the Future" - celebration of the International Children's Day at the Antibiotice headquarters

It has already become a tradition for Antibiotice to offer gifts every year, for more than 15 years, to the employees' children on the occasion of the International Children's Day. In 2019, the company offered the children the opportunity to enter the traditional Moldavian world full of life and humor created by the greatest Romanian storyteller, Ion Creangă. The children were invited to the "Amintiri din copilărie" show held at the National Athenaeum in Iași.

"Be generous, Be Santa Claus!"

In 2019, for the seventh year in a row the "Science and Soul" Foundation organized the "Be generous, Be Santa Claus!" campaign in partnership with Pro Vita Department of the Iasi Archdiocese Mission Sector, Metropolitan Church of Moldova and Bucovina. The campaign was organized for a number of 100 children from families with reduced material opportunities, from 12 rural localities of Iasi County. The children aged between 1 and 13 expressed their wishes in letters addressed to Santa Claus. Their moving words animated our colleagues who became the Santa Claus's elves, fulfilling the children's wishes. On December 18, 2019, Santa Claus rushed to appear at a festivity organized in our company. The kids enjoyed meeting him, many of them for the first time. As a sign of thanks, the little ones staged short artistic moments, singing Christmas carols.



05

Environmental Matters

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In all its activities, the manufacturer of generic medicines and active substances Antibiotice SA has among its priority concerns to protect the environment. Environmental risks are periodically assessed and identified in parallel with maintaining and improving the environmental management system.

The business' most prestigious location where Antibiotice SA produces basic pharmaceutical products and carries out the other secondary activities hosting also the company's headquarters is in the west of the City of Iași (the entrance from Târgu Frumos).

Antibiotice SA manufacturers finished products (generic medicines in various pharmaceutical forms) and active substances on eight GMP certified manufacturing flows. The finished products in the form of tablets, capsules, parenterals, ointments, gels, suppositories and pessaries are manufactured on seven production flows.

Starting with 1975, Antibiotice has been producing by industrial biosynthesis, the antifungal product Nystatin, active substance on the eighth flow dedicated for active substances, (Antibiotice has remained the only Romanian company that still produces industrial scale active substances).

Also, to be able to collaborate with business partners that do not operate by complying with the GMP requirements, Antibiotice SA has implemented and maintained an Integrated Management System for quality, environment, occupational health and safety.

The entire activity in the field of environmental protection is regulated through operating procedures of the environmental management system and through specific working instructions. Compliance of the system with the ISO 9001: 2015, ISO 14001: 2015 and ISO 45001: 2018 standards was recertified by TÜV Rheinland Romania in January 2020.

All the activities developed by Antibiotice SA in this field are regulated by the Integrated Environmental Authorization no. 1/10.01.2011, valid until January 10, 2021. The authorization issued by the Regional Environmental Protection Agency

Bacău was revised in March 2018 by the Environmental Protection Agency Iași.

According to the requirements of the Law 278/2013 on industrial emissions (which implements the Directive 2010/75/EU) the subject matter of this authorization are the main manufacturing activities of basic pharmaceutical products, including intermediate products (industrial biosynthesis of the active substance Nystatin) as well as the secondary activities technically related to the main activity and carried out on the same site: combustion in manufacturing industries, chemical industry, chemicals (storage, handling and transport of chemicals), incineration of industrial, medical, hazardous waste resulted from the company's activity, industrial wastewater treatment.

Environmental factors are monitored according to the requirements of the integrated authorization, both through our own laboratories and through a laboratory authorized by the Romanian Accreditation Association (RENAR).

Every year, in compliance with the requirements of the Integrated Environmental Authorization, Antibiotice SA draws up the Annual Environmental Report and submits it to the Environmental Protection Agency Iași.

In order to insert in the Non-Financial Report, the impact of the Antibiotice activities on the environment, after consulting the stakeholders (in 2018), we chose the following main material topics: efficient use of water resources, energy as well as a good waste management. The secondary topic was the reduction of greenhouse gas emissions (which Antibiotice decided to include it in this chapter).

Thus, the four material topics to be addressed in the report are: energy, water, waste and emissions.

Zero
 sanctions
 for the
 non-compliance
 with the
 environmental
 legislation

**In 2019,
 Antibiotice SA
 did not register
 outstanding
 payment
 amounts to the
 Environmental
 Fund
 Administration.**





Energy

To carry out its activities, Antibiotice SA consumes energy generated in different forms: electrical, thermal, etc. Part of the energy is self-generated (steam, heat, cold) and part is purchased from external suppliers (natural gas, electricity). Energy sources can be renewable (wind, hydro, solar, geothermal, biomass) and non-renewable or conventional (coal, oil, natural gas, atomic energy).

Total electricity consumption,	2019		2018		2017	
	Tj	%*	Tj	%*	Tj	%*
din care	52		53		52	
• non-renewable sources	26		28		28	
• renewable sources	26	50.45	25	46.67	24	45.19

* The share of electricity from renewable sources, from the total electricity consumed

Total consumption of fossil fuels (Tj)	2019	2018	2017
	17	19	21
Gasoline	0,425	0,565	0,915
Diesel oil	16,213	18,024	19,258

Natural gas consumption	2019	2018	2017
Tj	163	187	183
Nm3*	4,237,940	4,864,000	4,696,000

* Nm3 = normal cubic meter

Steam produced / consumed	2019	2018	2017
Tj	116.3152	117.5704	112.2968
GCal*	27,800	28,100	27,000

* 1 GCal = 0,004184 Tj

Energy consumed by Antibiotice SA

For the activities developed in 2019 in its business' most prestigious location in Iași, Romania, Antibiotice SA consumed a total amount of energy of 232 Terajoules (1 Tj = 10¹² Joules), of which 206 Tj came from non-renewable sources and 26 Tj from renewable sources.

Consumption of electricity from renewable sources has increased by 1 Tj compared to 2018, which indicates our company's tendency to reduce its impact on the environment.

Fossil fuel consumption has also fallen by 11% (19 Tj compared to 21 Tj) while natural gas consumption dropped by 13% (163 Tj, compared to 187 Tj).

These savings were mainly due to the careful monitoring of the energy consumed by Antibiotice, through an intelligent monitoring system implemented in 2018, as well as through the measures taken to reduce consumption applied throughout the company.

Energy intensity

Intensity ratio of the energy consumed by Antibiotice SA (specific energy consumption at sales of one thousand LEI) is calculated as the ratio between the absolute value of the total energy consumed by Antibiotice SA (Gj) and the value of annual sales (thousands of LEI). The energy intensity ratio, expressed in Gj/1.000 LEI decreased by 17% in 2019, compared to 2018. This decrease is the result of monitoring the consumption, efficiently

Total energy consumed by Antibiotice SA (Tj)

	2019	2018	2017
1) Total fuel consumption from non-renewable sources, by the type used:	180	206	204
• Natural gases	163	187	183
• Fossil fuels	17	19	2
2) Total fuel consumption from renewable sources	0	0	0
3) Total energy purchased for consumption:	52	53	52
• Total purchased electricity (from non-renewable and renewable sources))	52	53	52
• Steam, heat, cold	0	0	0
4) Total self-generated and unconsumed energy	0	0	0
5) Total energy sold:	0	0	0
Total energy consumed by Antibiotice SA (1+2+3+4-5)	232	259	256

A **10%** reduction in total energy consumption (27 TJ) was recorded.

using the energy, and adopting technical solutions to reduce consumption (new manufacturing equipment).

Reducing the energy consumption

Reduction of energy consumption refers to the amount of energy that is no longer used or no longer needed to perform the same process or task (does not include a decrease in energy consumption due to reduced production capacity or outsourcing of activities).

In addition to reducing the consumption of electricity, natural gases and compressed air with the help of the intelligent consumption monitoring system, in 2019 a series of measures were implemented to make energy use more efficient and reduce the carbon footprint of Antibiotice SA:

- modernization of the thermal power plant, by replacing a natural gas combustion boiler with a higher efficient one (92%, compared to 87%);
- replacement of the outdoor lighting system;
- other technological upgrades (improvements to spray-drying pumps).

Energy intensity (Gj/sales of 1,000 LEI)

	2019	2018	2017
1) Total energy consumption (Gj)	232,000	259,000	256,000
2) Sales (thousand LEI)	390,000	365,000	337,000
Energy intensity ratio (1:2) (specific energy consumption at sales of thousand LEI)	0.59	0.71	0.76

Energy quantities were calculated based on records and information received from utility and fuel suppliers, using calorific value, as well as the conversion factors agreed for energy units, according to the literature. The values used to calculate the energy consumption can be found for consultation, as follows:

- Higher calorific value (HCV) of natural gas has the average value calculated of 38.452 Gj/Nmc for 2019 (according to the information specified in the invoices received from the utility provider);
- Net calorific value (NCV) of fuels has the value of 42.63 Gj/ton for diesel, and 43.51Gj/ton for gasoline (according to <https://bit.ly/3djP2AE>)
- the energy label for 2019 was provided by the electricity supplier (<https://bit.ly/2SYF9PL>).





Water

Antibiotice SA monitors the quality of water in accordance with the requirements of the Water Management Authorization no. 303/20.12.2010, issued by the "Romanian Waters" National Association, Prut-Bârlad Water Basin Administration. The current authorization is valid until December 31, 2020.

Captured and consumed water

The total volume of water captured and consumed in 2019 was 146,700 m³, higher by 4% compared to 2018 (141,900 m³). The volume was determined by using measuring equipment. The increase in consumption occurred on the background of using water for irrigation, in order to arrange and maintain the extended green spaces of Antibiotice SA. The amount of drinking water was fully provided from the network of the City of Iasi managed by the operator Apa Vital SA (from the Timișești underground source).

Recycled and reused water

Recycled and reused water taken by Antibiotice SA from the municipal network is distributed through the internal distribution network to consumers. At this level, water is not recycled /reused, nor is water from other sources used.

Water recovery / recycling takes place within the steam production and distribution system. The condensate resulting here is recovered and reintroduced into the water supply circuit of the steam boilers. In 2019, the quantities measured with specialized equipment and verified in the internal metrology laboratory were 1.020 m³ condensate from the steam for heating, and 5,396 m³ from the steam for preheating.

Total volume of water captured (m³),

	2019	2018	2017
by sources:	146,700	141,900	158,200
• from surface waters (rivers, lakes, etc.)	0	0	0
• from groundwater	0	0	0
• from the direct collection of rainwater	0	0	0
• from the wastewater of another organization	0	0	0
• from public / private water supply systems	146,700	141,900	158,200

Drained water

Industrial wastewater from Antibiotice installations (the effluents) enters the company's treatment plant. After pre-treatment, they are discharged by pumping into the sewer system of the City of Iași (the municipal collector belonging to the supplier Apa Vital SA).

The station works in two treatment stages, the mechanical one (which retains floating coarse matter, sand and grease) and the biological one, with activated sludge (which reduces organic load and other pollutants such as ammonia nitrogen, sulphides, etc.).



Conventional-clean meteoric or rainwater (coming from atmospheric precipitation) is discharged into the natural emissary of the Cantacuzoia brook, a tributary of the Bahlui river.

Total volume of effluents in 2019 was 249,200 m³, higher compared to the previous year (208,400 m³), as a result of an increased rainfall. Out of this total, 115,200 m³ were waters discharged into the sewage system of the treatment plant and 134,000 m³ were waters discharged into the emissary. Flow rates were measured using measuring equipment, the records being based on reports concluded with the authorized operator.

The quality of wastewater pre-treated in the treatment plant and of the rainwater discharged into the emissary falls within the parameters established by environmental legislation. Antibiotice SA performs determinations of the quality indicators for the discharged waters by the mass-flow method, in its own laboratory, as well as in third-party laboratories, accredited by RENAR.

In 2019 no exceedances of the maximum permitted concentrations established by the integrated environmental permit and GD no. 352/2005 (NTPA 001 and NTPA 002).

Soil and groundwater protection

Of the total area of the land owned by Antibiotice SA, about 40% are green spaces. Groundwater quality was monitored by sampling and monthly analyzing the samples obtained from perimeter observation boreholes.

There were no accidental pollution or environmental incidents leading to degradation of soil quality in the area of influence of the Antibiotice's activity.

Total volume of water discharged (m³)

	2019	2018	2017
by destination:	249,200	208,400	21,150
• in surface waters (brook)	134,000	85,400	10,150
• in groundwater	0	0	0
• waters discharged to suppliers or other organizations	115,200	123,000	111,000

Intensity of water consumption

Intensity ratio of water consumed by Antibiotice SA (specific water consumption to sales of one thousand LEI) is calculated as the ratio between the absolute value of total water consumption (m³) and the value of annual sales (thousands of LEI).

Intensity of water consumption (m³/sales of 1,000 LEI)

	2019	2018	2017
1) Total water consumption (m ³)	146,700	141,900	158,200
2) Sales (thousands of LEI)	390,000	365,000	337,000
Water consumption intensity ratio (specific water consumption) (1:2)	0.38	0.39	0.47



Waste

Antibiotice SA implemented a selective waste collection system, each production plant and ancillary activity being equipped with appropriate containers for collection.



60%
of the packaging
placed in the market
was recycled

Packaging (tons)	2019	2018	2017
1) Total recycled / recovered packaging	523	597	570
2) Total packaging placed in the market	872	998	950
% recycled packaging from those placed in the market (1:2)	60%	60%	60%

Waste (tons)	2019	2018	2017
Total amount of waste, of which:	1760	738	1900
• hazardous	17	17	18
• non-hazardous	1743	722	1882

Waste management by categories and methods of disposal / recovery (tons)

	2019	2018	2017
Total waste	1760	738,46	1900
Total amount of hazardous waste by recovery / disposal method (where applicable)	17	16,86	18
Hazardous waste for reuse	0	0	0
Hazardous waste for recycling	0	0	0
Hazardous waste for compost	0	0	0
Hazardous waste for sale, including energy recovery	0	0	0
Hazardous waste for incineration	17	16,86	18
Municipal landfill	0	0	0
Storage on the company's site	0	0	0
Total amount of non-hazardous waste, by recovery / disposal method (where applicable)	1743	721,6	1882
Non-hazardous waste for reuse	0	0	0
Non-hazardous waste for recycling	0	0	0
Non-hazardous waste for compost	0	0	0
Non-hazardous waste for sale, including energy recovery	1112	96	1156
Non-hazardous waste for incineration	36	26,2	30
Municipal landfill	215	221	192
Storage on the company's site	407	499	514

Packaging

Antibiotice SA complied also in 2019 with the legal requirements for packaging waste management. The quantity of packaging introduced in the Romanian market was 872 tons, of which 523 tons were recovered / recycled. Thus, the global objective of recovery / recycling of at least 60% of the quantity of packaging introduced in the market was achieved, according to the requirements of the updated Law no. 249/2015 on the management of packaging and packaging waste.

Total weight of (hazardous and non-hazardous) waste recorded by Antibiotice Iași in 2019 was 1,760 tons. Of this quantity, hazardous waste weighing 17 tons (9.6%) were removed by incineration.

As regards the non-hazardous waste representing 1,743 tons, one part (1,112 tons, representing 63.8%) were sold (including the related energy), another part (17 tons) were incinerated in the company's incineration plant, 215 tons were transferred to the the municipal ecological landfill, and 407 tons were stored on the site.

In order to meet the objectives of recycling / recovery of packaging waste, Antibiotice SA had, also in 2019, a service contract concluded with an authorized organization that met the obligations regarding the extended liability of the pharmaceutical manufacturer, Antibiotice SA.

With regard to waste disposal methods, Antibiotice SA directly disposed of non-recoverable waste (hazardous and some non-hazardous waste) by incinerating them in its own incineration plant (according to company's records) and indirectly recovered the recyclable waste, through authorized economic operators, on the basis of service contracts.



Emissions

Greenhouse gas emissions

Total amount of greenhouse gases (GHGs) emitted by Antibiotice SA in 2019 was 13,637 t CO₂ eq (tons of carbon dioxide equivalent) and came from the following sources: electricity (3,604 t CO₂ eq), natural gases (8,787 t CO₂ eq) and fuels (1,216 t CO₂ eq). The quantity is almost 5% lower than in 2018, when 14,376 t CO₂ eq of GHGs were issued.

Intensity of greenhouse gas emissions

The intensity of greenhouse gas emissions in 2019 was 0.0349 t CO₂ eq/sales of 1000 LEI, slightly lower than the value recorded in 2018 (0.0394 t CO₂ eq/sales of 1000 LEI), even in the conditions of an increased production.

Emissions of pollutants into the atmosphere

In Antibiotice SA the sources of emissions of air pollutants come from the extraction plant of Nystatin (NMVOCs - non-methane volatile organic compounds), discharges directed from the manufacturing plants of the finished products, warehouses etc. (ventilation, emission containment equipment), natural gas combustion in its own thermal power plant, incineration of industrial waste, hazardous waste and medical waste in its own incineration plant, treatment of industrial wastewater and transport of goods and people).

The industrial biosynthesis installation uses in the process of obtaining the active substance Nystatin acetone (C₃H₆O) and methanol (CH₃OH), organic solvents which belong to the group of volatile organic compounds (VOCs). At the end of the extraction process of Nystatin, the water with solvents is directed to the solvent recovery facilities (with a recovery efficiency of 95%) and the wastewater is directed to the treatment plant. The Integrated Environmental Authorization requires the monitoring of the industrial biosynthesis

Direct and indirect greenhouse gas emissions

	2019	2018	2017
Scope 1 - Gross direct greenhouse gas emissions (gases included in the calculations: CO₂) (t CO₂ eq):			
Natural gas consumption	8,787	9,378	9,054
Fuel consumption	1,246	1,390	208
Total Scope 1 - Gross emissions	10,033	10,768	9,737
Scope 2 - Gross indirect greenhouse gas emissions (gases included in the calculations: CO₂) (t CO₂ eq):			
Consumption of electricity from suppliers	3,604	3,608	4,060
Total Scope 2 - Gross emissions	3,604	3,608	4,060
Total greenhouse gas emissions (t CO₂ eq) (Scope 1+Scope 2)	13,637	14,376	13,322

Intensity of greenhouse gas emissions (t CO₂ eq/sales of 1,000 LEI)

	2019	2018	2017
1) Total GHG emissions (t CO₂ eq) (Scop 1+Scop 2)	13.637	14.376	13.322
2) Sales (thousands of LEI)	390.000	365.000	337.000
Intensity ratio of greenhouse gas emissions (GES) (1:2)	0,0349	0,0394	0,0395

The values used for the calculation of emissions, according to the standard methodology provided by Regulation EC 601/2012 on monitoring and reporting of greenhouse gas emissions, in accordance with Directive 2003/87/EC (calculation by multiplying the activity data, corresponding to the fuel category used, on the basis of the net calorific value, with the corresponding emission factors, according to the IPPC Guidelines, 2006), are found for consultation, as follows:

- higher calorific value of natural gas (HCV), with the average value calculated for 2019 - 38,452 GJ/Ncm, according to the information specified in the invoices received from the utility provider;
- the value of the emission factor for natural gas is according to the energy label for 2019, issued by the utility provider - <https://bit.ly/2SOB3hH>
- net calorific value (NCV) respectively 42.63 GJ/ton for diesel, as well as 43.51 GJ/ton for petrol, as well as the emission factors for the calculation of the quantities emitted of CO₂ are according to Annex VI, of the EC Regulation no. 601/2012 on the monitoring and reporting of greenhouse gas emissions in accordance with Directive 2003/87/EC - <https://bit.ly/3iYCjyn>

Other significant emissions to air

	2019	2018	2017
Non-methane volatile organic compounds (t NMVOCs/year)*	310,583	386,682	unreported

*according to the solvent balance

No incidents related to the uncontrolled emissions of air pollutants in 2019

installation of the active substance Nystatin according to best available techniques (BAT), which set the limit values of pollutant emissions in the environment so that, under normal operating conditions, they do not exceed the emission levels associated with the best available techniques (according to IPPC Directive 96/61/EC on integrated pollution prevention and control and VOC Directive 1999/13/EC on reducing the emissions of volatile organic compounds, both of which are also implemented in our national legislation).

Emission values of non-methane volatile organic compounds (NMVOCs), from the production installation of Nystatin were calculated on the basis of the solvent balance prepared taking into account the values measured by a third-party laboratory, accredited by RENAR.

Antibiotice SA also aims to reduce the effects of technological odor emissions, by supervising and monitoring them, as well as by using various technical solutions to limit them (equipping filter equipment).

Air quality in the perimeter of Antibiotice SA is monitored by determinations carried out in its own laboratory and in a third-party laboratory. Certificates of analysis show that the concentrations of gaseous pollutants emitted into the air fall within the maximum permissible limits for the protection of human health: nitrogen oxide (NO_x), sulfur oxide (SO_x), carbon monoxide (CO), ammonia (NH₃), volatile organic compounds (VOCs), particulate matter (PM), etc., in accordance with the conditions set in the regulatory acts held and with the legal requirements in force at Antibiotice SA. No exceedances of the maximum allowed concentrations established in the Integrated Environmental Authorization were recorded.

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Antibiotice SA

Valea Lupului nr. 1,
707410 Iași, România
Tel: +40 (232) 209 000
Fax: +40 (372) 065 633
office@antibiotice.ro

www.antibiotice.ro