



ARTERIUM

Closer to people

QUALITY IN ALL ASPECTS OF BUSINESS

Arterium Corporation

Overview of activities in the field
of corporate social responsibility

2013



Our patients and partners expect us to be responsible and ethical in our business. We make every effort to meet these expectations and exceed them.

Arterium is ranked among the largest pharmaceutical companies operating on Ukrainian market. This status entails our primary responsibility before the society. When developing our strategy we take into consideration the effects our business has on all stakeholders, thus creating the foundation for sustained development of our company and the society on the whole. We strive to achieve the highest-possible quality of not only drugs we are producing but across all areas of our business.

We see our contribution to sustainable development of the society, first of all, in ensuring healthy, long and more productive lives for people of all ages. Steady dialogue with healthcare professionals, cooperation with leading scientists, use of advanced technologies and high quality standards help us meet, in timely and quality manner, today's therapeutic needs.

We strictly adhere to the principles of harmonious relationship and continuous dialogue with the society. In this brochure you will find a brief overview of our company's main efforts in the corporate social responsibility sphere in 2013. We are open to new ideas and welcome your feedback.

Denys Gartsylov,

Arterium Corporation Chief Executive Officer

Arterium Corporation
was founded in 2005.
It holds two Ukrainian
pharmaceutical companies:

Kievmedpreparat

Founded in 1846

Area of specialization:

antibacterial drugs

Dosage forms: injections in vials,
tablets, capsules, ointments, gels,
suspensions

Quality standards:

GMP, ISO 14001:2006 (environmental
management)

Galychpharm

Founded in 1911

Area of specialization:

plant-based drugs

Dosage forms: injections in ampoules,
tablets, ointments, extracts, syrups

Quality standards:

GMP, ISO 14001:2006
(environmental management)

Market position in Ukraine:

№ 1

in antibacterial
drugs segment

№ 2

in prescription
drugs segment

№ 3

in hospital
segment

№ 6

in the market
in revenue

over
2 300
employees



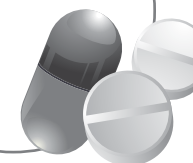
Our products
are sold in

**11 markets
of the region
and in Vietnam**

Arterium Corporation has
representative offices in
**Russia, Belarus, Kazakhstan,
Uzbekistan and Azerbaijan**



245
drug names



Our product portfolio

65 antimicrobial drugs

41 drugs for for cardiology
and vascular diseases

31 drugs for neurology and the nervous system

23 drugs for functional gastrointestinal
disorders and metabolism

19 drugs for dermatology

19 veterinary drugs



Our efforts in CSR sphere

We focus our responsibility on the most important spheres for our business and the society, where we can make a substantial contribution.

Below are the five key areas of our activities in the field of corporate responsibility.

Ethics

Ethics in research and development
 Business ethics

Products

Innovations and development
 Patient's safety

Employees

Training and development
 Workplace safety

Environment

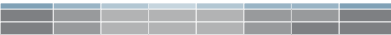
Responsible use of resources
 Minimization of adverse environmental impact

Society

Healthcare projects and popularization of active lifestyle
 Educational projects

Our stakeholders

Consumers
 Healthcare professionals
 Employees
 Government and regulatory authorities
 Investors
 Local communities
 Nongovernmental organizations





Clinical research

Clinical research has decisive importance to determine safety and efficacy of new pharmaceutical drugs. For us, patient's safety is the key aspect at pharmaceutical product development stage.

Our **clinical research** is fully compliant with:

- GCP* and GLP** standards
- Directive of the Healthcare Ministry of Ukraine On the Procedure of Clinical Trials of Medicinal Products and Examination of Clinical Trial Materials
- Guideline Medicinal Products. Good Clinical Practice approved by Directive of the Healthcare Ministry of Ukraine
- laws of the countries where **Arterium** conducts clinical research

Our **preclinical research** is compliant with the norms and requirements of the following documents:

- Directive of the Healthcare Ministry of Ukraine On Approval of the Procedure of Preclinical Research of Medicinal Products and Examination of Medicinal Product Preclinical Research Materials
- European Convention for the Protection of Vertebrate Animals Used for Experimental and Other Scientific Purposes

We conduct research in Ukraine, Russia and Belarus. All our employees involved in clinical trial arrangement undergo regular training in observance of international rules and standards.

Arterium Corporation is a member of the Association of Clinical Research Organizations (Russia).

*Good Clinical Practice is an international standard for ethical norms and quality of scientific research, describing the rules of designing, organizing, documenting and reporting on research that involves human subjects.

** Good Laboratory Practice is a system of norms, rules and guidelines intended to achieve coordination and credibility of laboratory research results.

We strive to meet high ethical standards and comply with all national and local laws and international norms of the countries we do our business in. We act ethically and responsibly in all spheres of our activity. Observance of rules of ethics with regard to our employees, patients, customers, suppliers and other stakeholders is one of the most important issues on corporate responsibility at **Arterium** Corporation

Business ethics

Principles of business relationship ethics for employees

This document sets the standards of relationship between the company and its employees and partners. The ethics principles provide the basis for making day-to-day decisions and help us maintain reputation of an honest and reliable partner. We expect our employees to abide by the standards of ethics in all aspects of our business, do their job honestly and diligently while adhering to the principles of corporate responsibility and provisions of the applicable laws and regulatory acts.

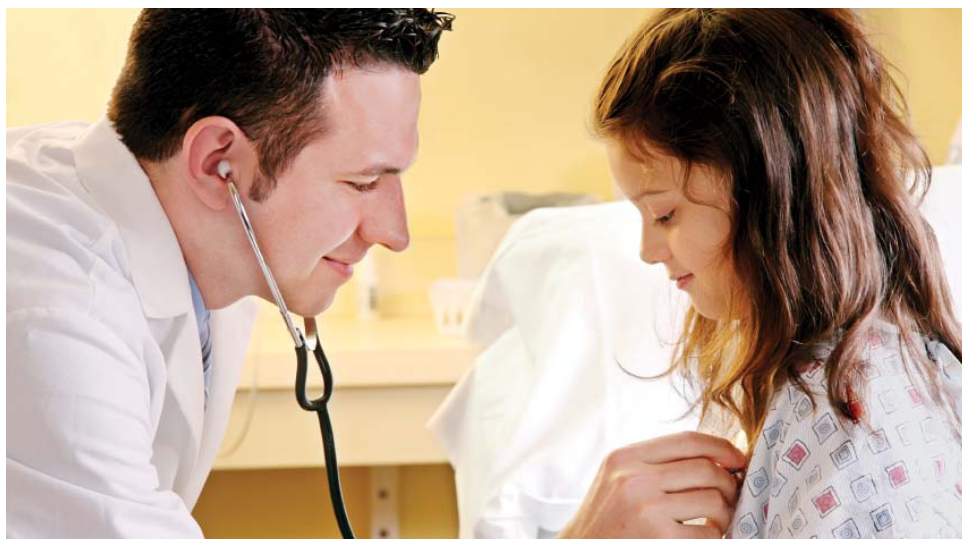
Ethical marketing

Responsible marketing by Arterium personnel means that healthcare professionals are able to receive credible information about medicinal products, thus helping rational use of drugs with the maximum benefit for the patient's health.

When doing business with healthcare professionals, all **Arterium** employees abide by the applicable laws, Good Promotion Practice rules, industry codes and the Corporation's internal standards.

330 thousand visits

were paid to healthcare professionals by our medical representatives in 2013.



Responsible procurements

Efficient and responsible management of procurements and shipments system plays an important role in creation of quality products.

In 2013 we carried out **THREE TIMES** more audits of producers of raw and expendable materials than in 2012.

When selecting suppliers of raw materials of plant origin we abide by requirements of the **Good Agricultural and Collection Practice (GACP)**.

Transparency of business

Openness and transparency are indispensable elements of our dialogue with stakeholders and the basis for mutual trust. We disclose all (except confidential) information about our activities on the **Arterium** website www.arterium.ua and also at our press conferences.

Arterium is a large and honest taxpayer. By remitting required payments to the budget in full and on time we take direct part in improvement of the nation's wellbeing and help improve our people's standards of living.

over **30 000** deliveries of goods and services in 2013

UAH 162 million in taxes was remitted to the state budget in 2013



Innovations and product development

To meet the needs of every patient, we constantly search for fresh solutions in order to develop new and improve existing drugs.

R&D financing ↑ by

18%

to UAH **46** million in 2013

over
130
specialists
in R&D
Department

Our developments in 2013

7 new products
(including dosage forms)

Neuroxon, tablets: for treatment of craniocerebral injuries, neurological disorders and disorders in cerebral blood flow

Volutan: for treatment of hypovolemia and shock; presurgery hemodilution

Womens, Menorma, Mastofemin, Trilea: dietetic supplements for women's health, representing original phytocombinations

110 new drugs in prospective portfolio

New products are developed in accordance with the **Quality by Design** concept, according to which we develop ingredients, technology and system of specifications for new drugs and conduct preclinical and clinical research in accordance with GLP and GCP rules. In addition, for a number of medicinal products which have been in our company's portfolio for quite some time we conduct scheduled redevelopments and additional clinical research in accordance with today's regulatory requirements.

We help improve patients' health by developing and manufacturing innovative and high quality drugs. Thanks to innovations, cooperation with leading scientists, use of advanced technologies and quality standards in the production process, our company's product portfolio is regularly augmented with new drugs



Patient's safety

Patient's health and safety is our main goal. We strive to achieve quality at every stage of the product's life cycle, from pharmaceutical development to distribution among end consumers.

Arterium controls the product's safety and efficacy, beginning from research and development of a future medicinal product, selection of raw materials, components, packaging, technology, registration and market launch and ending with discontinuation of the product's marketing on all markets where it was sold.

We support and upgrade consumer feedback tools through all aspects of our products' quality in order to ensure safe and efficient treatment or prevention of diseases.

Consumer feedback is effected via pharmacovigilance, complaint handling and customer interaction system.

Pharmacovigilance

Arterium website, Pharmacovigilance section offers the Side Effect or Absence of Efficacy in Medical Use Report Form. By completing this form the consumer will receive feedback from our company's authorized representative.

Protection against counterfeiting

Counterfeit medications pose danger to consumers and may lead to serious illness. High quality of drugs, including sufficient level of their security against possible counterfeiting, are strategically important tasks for us.

We continuously improve methods of protection against counterfeiting by designing original, hard-to-reproduce packaging and embedding unique security features. All protection methods we use boost our confidence that consumers will receive high quality drugs.



QUALITY IN ALL ASPECTS OF BUSINESS

Overview of activities in the field of corporate social responsibility

Closer to people



over **2 300** employees



58%
females



42%
males

the median wage has increased by
10% on average in 2013

Corporate university

UAH 2 562
thousand
was invested in personnel training

almost **100** training programs

2 685 persons/training was trained in 2013

148 training classes for employees were held by corporate coaches in 2013

230 persons have undergone training in 'distance learning' format

93 employees attended the *English Language* program

Product Manager School and **Regional Manager School** are the programs specifically designed for the Corporation's medical representatives. The Product Manager School aims at studying pharmaceutical marketing, while the Regional Manager School teaches the basics of management and efficient personnel management.

58 employees have attended
the Schools in 2013

Our employees are the foundation and the key factor for our company competitive success. Development, motivation and occupational safety are the priority areas for our company in the sphere of human resource management

Workplace safety

UAH **1 241**
thousand

was invested in labor safety in 2013

Arterium has confirmed conformity of labor safety system at **Kievmedpreparat** and **Galychpharm** manufacturing sites with

OHSAS 18001:2007

No work accidents involving bodily injuries or lethal outcome have been recorded in 2011-2013.

All employees have health insurance coverage.



Internal communications

Corporate portal

Using our internet portal, employees learn and discuss corporate news and changes in procedures, use electronic database of corporate documents, participate in contests and plan joint off-work activities. Employees who do not need to use personal computers to accomplish their daily tasks are also provided access to the portal via information kiosks.

Pulse newspaper

This corporate publication is issued once a quarter and provides information about the main events occurring in the company's life.

For Healthy Lifestyle program

We organize a number of events aimed at popularization of active lifestyle among our employees. Since 2010 **Arterium** has been offering For Healthy Lifestyle program. Our employees and their family members regularly participate in various sporting events: All-Ukrainian Bicycling Day, 'Running Under Chestnuts' charitable event, 'We Are The Champions!' children's bicycle race, football tournaments, orienteering contests, and visit the swimming pool.

Bicycling weekends organized by **Arterium** for its employees every weekend from April till October are especially popular. Our company also rents an indoor facility for weekly indoor soccer training sessions.



almost **500** employees and their children participated in For Healthy Lifestyle program in 2013



We do our best to rationally use natural resources and minimize the adverse environmental impact of our manufacturing sites

Arterium Corporation has adopted the **Environmental Policy** which sets out duties of the company's top management, envisages annual update of the goals and objectives of reducing hazardous impact on the environment and provides assessment of achieving planned environmental characteristics.

Landscaping the area

The **Halychpharm** manufacturing site area borders with Lviv's regional landscape park Znesinnia (a natural preserve). In 2013 we organized a number of events aimed at preserving and reproducing natural resources, which included cutting of dry and ill trees, landscaping of the area and provision of proper care to plants growing within the manufacturing site's area.

Green Office

We strive to adhere to the **Green Office** concept at our company. For that purpose, we:

- have implemented the practice of videoconferences to reduce the number of business trips;
- have reduced the consumption of paper (by using two-sided printing);
- activated the 'sleep mode' on all computers;
- recommend our employees to unplug all devices for the nonworking hours;
- participate in eco events.

ISO 14001:2006

The environmental management system at **Kyivmedpreparat** and **Halychpharm** is certified

5 727 thousand m³

of pure water was saved in 2013 thanks to using it in reused water supply systems without dumping into sewage

by 12 %

the amount of waste destined for burying was reduced in 2013 thanks to increase in the amount of utilized waste



We do our best to rationally use natural resources and minimize the adverse environmental impact of our manufacturing sites

What You Should Know program

To increase public awareness about the most common diseases, in 2012 we launched *What You Should Know* program. Jointly with leading healthcare specialists we conduct an information campaign which tells people about the methods of preventing the most widespread diseases.

In 2012-2013 we organized a series of events devoted to angina pectoris, sudden cardiac arrest and physical inactivity.

Results of What You Should Know program:

We have distributed:

- 29 000** brochures *What You Should Know About Angina Pectoris*
- 5 000** brochures *What You Should Know About Sudden Cardiac Arrest*
- 7 000** leaflets describing emergency assistance procedures in the event of cardiac arrest

2 500 users took advantage of a **Facebook** application on the correct procedure of rendering assistance in the event of sudden cardiac arrest

2 000 people have attended master classes on rendering emergency assistance in the event of sudden cardiac arrest

over **50 000** views of a training video clip on emergency assistance in the event of sudden cardiac arrest on **YouTube** (**Arterium** channel)

Health Trails

In 2012 we opened bicycle trails in forest and park areas of Kyiv and Lviv. In 2013, thanks to cooperation with bicycling societies, new trails were opened in Rivne and Zhytomyr. All trails run away from motor roads and are marked with special direction signs. The aggregate length of Health Trails is almost **50** km.

Trainee program

Since 2010, when we launched our Trainee Program, we have been offering students and graduates training at **Arterium**, and the best attendees become eligible for employment at our company.

Since 2010, **26** attendees of the Trainee Program have joined the **Arterium** team.

Over **10** colleges and universities in Ukraine receive our support in the form of professional base for academic, pre-graduation and practical training. We also help equip auditoriums in accordance with requirements of specialized areas of education.

Contacts

We value your opinion.
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