



ARTERIUM
Closer to people

WITH ATTENTION
TO THE DESTINY
DETAILS

Arterium Corporation

Overview of activities in the field
of corporate social responsibility

2017



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Overview of activities in the field of corporate social responsibility

Arterium Corporation is one of the leading companies in Ukraine's pharmaceutical industry. We take pride in the fact that corporate social responsibility is an integral part of our activities.

We realize that it is the foundation of our development as a corporate leader and innovative company. We aim to use best practices and to achieve the highest quality in all aspects of our activity, from employee development to auditing our suppliers.

Our company produces 269 formulations in various therapeutic areas. We have created all these products to improve the quality of life. This requires a particularly responsible approach and attention to the minutest details. We regularly evaluate our achievements

in every area of our activity and look for opportunities for further development and improvement. For example, we are updating our packaging to prevent counterfeiting, as well as releasing our products in new forms that are more convenient for patients. In addition to providing patients with quality products, we also offer them reliable professional information about prevention in current easy-to-access formats.

It is our pleasure to share in this report the results of our efforts in the area of corporate social responsibility in 2016 and 2017.

Denis Gartsylov
Arterium CEO

AREAS OF CORPORATE SOCIAL RESPONSIBILITY



OUR STAKEHOLDERS

- Employees
- Consumers
- Doctors and Pharmacists
- Government and Regulatory Bodies
- Investors
- Local Communities
- NGOs



As a company working in health care, **Arterium*** is concerned about the safety and effectiveness of its products. We care about improving quality of life and extending its duration. Every day our company's employees work on creating new products and improving existing ones. We produce prescription and non-prescription medicines in 11 therapeutic groups: J, N, C, A, D, G, R, B, L, V, M.

Many of our medicines are plant-based, and their effectiveness has been clinically proven. The company's product portfolio encompasses 151 products and 282 formulations (taking into account different forms and dosages). Drugs are produced in the following forms: powders for Injections, tablets, capsules, powders and granules for oral solutions, semisolid preparations, solutions for injections and infusions, tablets, oral and topical solutions, herbal extracts. In 2017 the company debuted a new medicinal form with the release of **Legkolax** – sachet.

New products

Nokson for treating insomnia and increased nervous excitability.

Cholelesan for treating chronic non-calculus cholecystitis and biliary dyskinesia.

Amoderm Neo for treating and prevention of fungal nail infections.

Mucaltin in syrup form for treating cough.

Legkolax for treating constipation.

the veterinary product **Dia Dog & Cat** for eliminating acute intestinal absorption disorders in domestic cats and dogs.

ЛЕГКОЛАКС

Мукалтин®
Mucaltin

Ноксон
nokson

Пробіланс®

АМОДЕРМ НЕО

Холелесан®
Cholelesan

Діа ДОГ & КЕТ

Please, consult your physician and read the package insert before use

SELF-MEDICATION IS A DANGER TO YOUR HEALTH

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Counterfeit Prevention

Every year Arterium finds better ways to protect against counterfeits of its products. We continue to design original packaging that is difficult to reproduce. We also add unique elements to confirm the authenticity of the products. No cases of counterfeit Arterium medicines were reported in 2016–2017. The company strives to guarantee the highest quality products and is always open to cooperation. Therefore we investigate all cases where a consumer has doubts about a medicine's origins or production conditions.

Pharmacovigilance

Arterium Corporation's companies maintain all the legal requirements to ensure the functioning of the pharmacovigilance system. The company employs authorized pharmacovigilance specialists who review all questions from consumers concerning the safety and effectiveness of Arterium's products. Every year employees from various departments are trained in the principles of pharmacovigilance. We understand the important role of pharmacovigilance in the health care system, so authorized personnel from our company also take part in training future medical specialists. Pharmacovigilance specialists lead seminars for university medical students.



Patient-oriented Social Initiatives

«Start Today» – Ukraine-wide diabetes prevention project

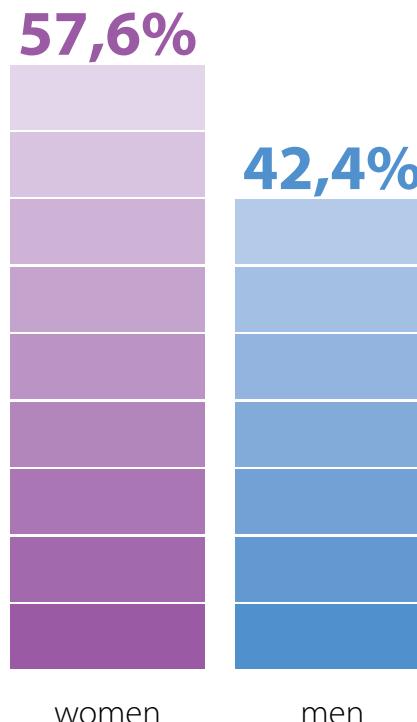
In 2017, Arterium launched «Start Today» a project aimed at diabetes prevention. Diabetes is one of the most widespread diseases in Ukraine, second only to cardiovascular disease. There are 1.2 million registered cases of Type I and Type II diabetes in Ukraine. The project aims to call attention to diabetes risk factors and also to motivate people to undergo diagnosis and online training in the early stages, so as to prevent the disease from developing and leading to complications. The heart of this patient information campaign is the website DoltNow.com.ua. Visitors are taken through a story based on common real-life situations and asked to make choices. Based on the user's behavior, the program determines that person's risk of developing pre-diabetes. If the user is at risk, the program immediately recommends signing up for a sugar analysis (at a reduced price) and enrolling in the first online diabetes school.



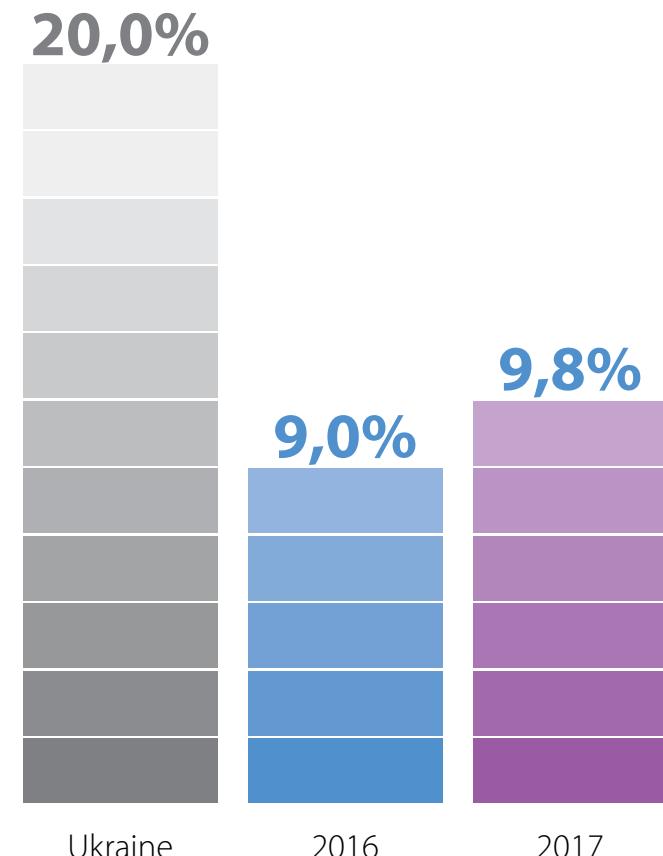
«What You Should Know About High Blood Pressure» – Brochure

Continuing the social initiative «What You Should Know» Arterium Corporation has released a new brochure titled «What You Should Know About High Blood Pressure». In concise and accessible language, it explains what hypertension is and offers recommendations for those who have this problem. This is the fourth brochure aimed at informing patients about the causes of widespread diseases and prevention methods. The brochure is oriented toward both patients and doctors. Health care specialists can order copies on the Arterium Corporation website. There is also an online version for the general public.

Our employees are the cornerstone of our success and the main factor ensuring our competitiveness. Development, motivation, health care and job security are Arterium Corporation's priorities in personnel management. At the end of 2017, Arterium Corporation and its participants employed around **2 700** people



Arterium Corporation Employee Turnover*



* According to data from Ernst&Young

Development and Education

In order to achieve results at work, employees must continuously improve their skills and knowledge. Arterium Corporation's system of training and development is constructed to spread knowledge throughout the company and lead to innovative business solutions. We offer employees various learning formats, from short-term classes to those that last several months. We thus create conditions for employees to continuously improve their professional and personal skills. The Corporate University, established in 2012, is responsible for shaping the internal educational system and developing it in accordance with the company's strategic goals. University programs include training sessions, master classes, and facilitation sessions on various themes (from production practice requirements to techniques for overcoming work-related stress).

The Corporate University offers employees professional development through certification programs in the format of schools.



Arterium Young Talent

In 2016, the Corporate University launched an educational project for the children of Arterium employees – **Arterium Young Talent**. Its goal is to help children discover their creative potential and take steps toward choosing their future profession. In the past 2 years about 130 children, aged 9–15, participated in the program.



Employee Benefits

Arterium Corporation provides its employees with all the social benefits and workers' compensation guaranteed by law. In addition, the company offers a compensation package, which may include:

- medical assistance;
- periodic review of salary and bonuses following evaluations of achievement and development;
- professional training;
- payments in the case of serious or complicated personal life circumstances;
- extra days off (in addition to basic vacation);
- extra paid vacation (for family holidays like a child's very first day of school);
- monthly payment for groceries;
- extra paid vacation for donors.



Health Care

Arterium cares about the health of its employees and guarantees them medical services. All employees are enrolled in the medical services program and are treated in specially created up-to-date medical facilities. In these facilities, any company employee is entitled to receive professional medical assistance from doctors and other medical personnel free of charge and at a convenient time. In 2017 an additional medical office was opened for those employees whose workplaces are far from the factories' main medical facilities.



Job and Workplace Safety

We strictly adhere to legal requirements in the areas of employees' rights and job safety. The company is concerned with employee safety in the workplace. In 2016–2017, there were no recorded incidents of injuries or accidents caused by production equipment in the company. In 2017 almost 2300 employees took part in job safety and fire safety training. The training programs familiarized employees with state and local job safety norms.

Arterium Corporation is also concerned with improving working conditions. The company offers additional individual protections to employees who work in its production facilities. In Kievmedpreparat, we have installed humidifiers and dehumidifiers in the "clean" spaces where medicines are produced. Now the working conditions for those employed as medicine packagers and formulators dosage monitors meet the standards for workplace environment microclimate. The 2016 evaluation of workplaces at Kievmedpreparat revealed an improvement in working conditions.





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Reducing the impact of our activities on the environment is one of the Corporation's main concerns. In 2017 we affirmed our commitment to preserving the environment by adopting an environmental management system that complies with international standards ISO 14001. Galychpharm and Kievmedpreparat have been audited for compliance with the latest ISO 14001:2015 environmental management system and have been certified for three years. The environmental management system embraces all the Corporation's main processes, beginning with the production and storage of medicines, service maintenance and providing energy to production facilities.



«This system is necessary for ensuring an organized and systematic approach to protecting the environment,» says Iryna Kliaznika, quality assurance and environmental protect manager. «In our production facilities, we've instituted procedures for separating waste and rational resource consumption. We take measures to protect the environment and minimize negative impact on our surroundings, as well as manage ecological safety risks.

Our companies' management pays a lot of attention to these questions and cares about training employees and continuously increasing their environmental knowledge».

What did we do in 2017?



We took the following measures to economize **gas** use in our production facilities.

Kyivmedpreparat:

- installed additional equipment to return unused energy into the heating system, which reduced consumption of natural gas by nearly **29 000 m³** during the winter season.

Galychpharm:

- insulated the heating system pipes (*saving 10,620 m³ of gas per year*)
- ensured the transfer of condensation from industrial steam to the boiler for reuse (*saving 13,500 m³ of gas per year*)

These measures save us **24,120 m³** of gas per year.



Our production companies reduced atmospheric **emissions**

Kyivmedpreparat:

- installed a class F9 fine air filter, cleaning level 95%, in the ventilation system of the hard forms workshop, which filters the exhaust before entering the atmosphere; this reduced particle emissions from the technological process by nearly **0.00036 tons** per year.

«Галичфарм»:

- modernized the ventilation systems and treatment systems of the tablet workshop, reducing particle emissions by **5.8 tons** per year.



Kyivmedpreparat and **Galychpharm** are gradually giving up dangerous fluorescent lamps and trading them for economical and ecological LED lamps. Using LED lamps reduces **electricity** consumption and avoids the dangerous waste of fluorescent lamps, which contain mercury. The economic benefit of this switch in **Kyivmedpreparat** is **49,000 UAH/year**.

We have introduced separate collection of **waste** according to class, in our production facilities. Dangerous waste is decontaminated through safe methods practiced in Ukraine; recycled materials are put to use; waste that is not dangerous and for which there is no technology in Ukraine for recycling is landfilled.

Kyivmedpreparat:

- found a method for recycling packaging materials that used to be landfilled. In 2017 the amount of packaging materials recycled was **5,877 tons**

Galychpharm:

- thanks to the improvement of the system of separate waste collection, the amount of everyday waste was reduced by **104 tons** as compared to 2016.



Clinical Trial Ethics

Arterium initiates clinical trials of the medicines it produces to increase the evidence of their effectiveness and safety. In 2017 Arterium ran three clinical trials and five pre-clinical trials. Arterium Corporation guarantees that all patients/healthy volunteers who take part in clinical trials give their informed and voluntary consent to participate by signing a formal agreement. Before signing, the participant receives comprehensive information about the trial and the medicine, as well as answers from a research doctor to any questions that arise. Consent must be given by any patient/healthy volunteer before any procedures are performed.

Responsible Procurement

There is an electronic tendering platform on the Arterium Corporation website. This makes purchases transparent for suppliers of merchandise and services. Since the platform was launched, 313 companies have signed up.





Auditing Suppliers

Arterium Corporation and its constituent companies regularly perform external audits of their raw materials suppliers. The company inspects production infrastructure, the condition of buildings and equipment, employee qualification, the system for managing client orders, documentation system, necessary facilitation systems, quality control at all stages of production, from raw materials to finished product, etc. Only qualified producers and suppliers that obtain positive evaluations after the auditing process are accepted as partners.

Responsible Marketing

Arterium Corporation's responsible marketing practice allows health care specialists to obtain reliable information about medicines. This helps them make rational use of our products to maximally benefit patients' health. Working with health care specialists, all Arterium employees follow the current laws, the rules of Good/Best Promotion Practices, industry codexes, and the Corporation's internal standards. The Corporation successfully employs the Customer Relationship Management system. This program helps manage a database of clients with whom we do business: doctors and administrators of medical institutions, provisors and pharmacists. The Customer Relationship Management system is also an important component of the Corporation's pharmacovigilance system.

The successful development of a business is closely tied to the development of the region where it is located. As a leader in the pharmaceutical industry, Arterium Corporation develops partnerships with local communities in the regions where it has production facilities. This cooperation is aimed at sustainable business development. We focus on issues that can improve local residents' quality of life. Health care and education are our top priorities.



Educational projects for universities

Arterium Corporation runs programs in partnership with many Ukrainian universities. Company employees give lectures and lead training sessions for students nearing graduation and professors. The company supports student educational initiatives. Training programs for future pharmaceutical professionals cover both pharmaceutical topics and the development of personal skills necessary for a successful career in pharma. Since 2016, thanks to Arterium's initiative, students have the opportunity to attend a series of lectures about the pharmacovigilance system and validation. At present, the pharmacovigilance system is not covered in the university curriculum, although it is an integral part of the work of a modern pharmaceutical company. In 2016–2017, Arterium Corporation supported the following initiatives for students: the All-Ukrainian Pharmacy and Biotechnology Olympiad, scientific conferences at the Ivan Franko National University of Lviv and Institute of Cell Biology in Lviv.

Since 2010, Arterium Corporation has offered internships for Ukrainian university students. The duration of the internship is determined on an individual basis and depends on the chosen area. Interns receive a salary and some are invited to continue working for the company. Over 63 participants of the internship program have become Arterium Corporation employees. Details about internship areas, job vacancies and applicant requirements are available on the Arterium Corporation website under «Career».



«The students we admit for internship have just the core knowledge. We want to teach them something they will never get to learn in their university», Arterium Corporation's Head of Training and Development Anna Yegorova said. «We give students and graduates an opportunity to gain knowledge and experience in real-world conditions. Besides, they get to know the processes we use in our company».

Anna Yegorova



Cooperation with communities

In 2016, Arterium Corporation joined the Lviv City Council's project "First Career Step." This is an internship program aimed at engaging young people to learn about municipal government, which benefits the people of Lviv and creates a reserve pool of young, qualified staff.

Arterium Corporation has maintained a partnership with the Znesinnia Regional Landscape Park in Lviv for many years. Since 2014 our company supports maintenance of the park's ecosystem. Arterium also initiated the construction and annual maintenance of a pedestrian and bicycle path called the Health Route. Every spring, Galychpharm employees get together to clean up Znesinnia Park as volunteers.

Since lifestyle has a large impact on a person's health, Arterium Corporation

launched the program "For a Healthy Lifestyle" in 2010. Its activities include supporting and organizing events and programs that encourage an active lifestyle. In 2016, with Arterium's support, a public playing field was opened in the Bohdan Khmelnytskyi Culture and Recreation Park in Lviv. Volunteers from Galychpharm have been teaching children to ride bikes in Znesinnia Park every summer since 2012. The children also learn basic safety rules. Arterium supports children's desire to be active in their free time and stimulates the formation of healthy habits. In 2016–2017, around 500 children (and their parents) attended the summer cycling training.

For many years Arterium Corporation has been sponsoring boarding school No. 8 for children with special needs

in Kyiv. Every year the company funds a renovation of the institution's premises. In 2016 Arterium introduced a special project in which trainers from the Corporate University offer courses for the school's teachers.

On International Children's Day, volunteers from the company have organized the festival "Story in the Grove" for six years running. This event is open to everyone and brings together 20 thematic story-telling sites, sports and dance games and contests. Each year around 500 people attend the festival.

Every year, before the New Year's holidays, volunteers from the company's Panacea Drama Group perform a holiday show for children from disadvantaged families and children with special needs. In 2016–2017, over 700 people attended these shows.



Philanthropy

In 2016–2017 Arterium Corporation continued the charitable donation of Arterium medicinal products to hospitals, military hospitals, homes for the elderly, children's institutions. In 2017, instead of giving its partners New Year's gifts, Arterium Corporation funded new equipment for the Kyiv Center for Pediatric Cardiology and Cardiac Surgery. Representatives of the Corporation gave the Center an endoscopic ultrasound probe for examining children with heart problems.



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Museum of Galychpharm's History

In 2016–2017, the Museum of Galychpharm's History had about 2500 visitors, including university students, schoolchildren and adults. Museum tours are led by company employees. Visitors can learn about the history of Galychpharm and how medicines used to be produced in ampules and tablets. They can learn how medicines are produced today through a virtual tour of Arterium Corporation's up-to-date facilities. Tours for children include demonstrations of chemical experiments conducted by company specialists. According to tour guides, these experiments capture the children's attention and spark their interest in the natural sciences.

Contacts

Your opinion is important for us.

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