

Phytopharm Kleka S.A

# SUSTAINABILITY REPORT

2024



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*Phyto  
Pharm*



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# Sustainability in Phytopharm Klęka



Companies attach great importance to sustainability. It is also an area of particular significance for Phytopharm Klęka as well. Our production is based on the high quality ingredients, reliable suppliers, skilled and trained planters and raw materials sourced from our own crops.

We care about the highest quality of the manufactured products at all stages of production, while caring for the safety and development of employees and respecting the environment. We believe that every step, even the smallest one, towards sustainable growth matters. The future is as important to us as the present.

This Sustainability Report was created out of the need to illustrate Phytopharm Klęka's activities for the benefit of key stakeholders, both internal and external.



“ Ladies and Gentlemen,

I am pleased to place in your hands our second Sustainability Report documenting Phytopharm Kłęka's commitment to building a future based on balancing business, social and environmental needs.

Our sustainability efforts are deeply rooted in our values and mission, which shape every decision we make.

We are constantly striving to improve our production processes, investing in modern technology and working with local suppliers and skilled farmers. These measures allow us not only to provide the highest quality products, but also to support local communities and minimize our environmental impact.

We make sure that every stage of our operations complies with the highest standards of quality, safety and environmental protection.

We are proud of what we have achieved, but we know that this is only the beginning of our journey. We pledge to continue pursuing our sustainability goals while maintaining the highest ethical standards and transparency in our operations.

I am indebted to all our employees, business partners, suppliers and customers for their continued support and cooperation. It is thanks to your commitment and trust that we can achieve our goals and move toward a more sustainable future.

”



Wojciech Skrobański  
Managing Director  
Phytopharm Kłęka S.A.



# Integrated Management System Policy

We want to be a leading company in innovation, quality and production as well as marketing and sales of herbal medicinal products, dietary supplements and plant extracts, based on high-quality herbal raw materials with proven effects and safety of use.  
We are among the top 15 companies in the OTC herbal medicine segment ("Herbals" 2023\*).

The technologies used for the production of extracts and finished products make it possible to reduce the negative impact on the environment and develop environmentally friendly measures.

## Integrated Management System Policy Objectives:



**Continuous improvement**  
in quality, compliance,  
keeping up with applicable  
laws, authenticity and  
efficiency



**Taking pro-environmental  
measures** aimed at  
reducing energy  
consumption, waste  
generation as well as  
water, air and soil pollution



**Building a culture of  
quality and safety** at  
every stage of the  
manufacturing process



**Promoting sustainable  
development strategies**  
and ethical operations  
and their implementation



**Fulfillment of customer  
needs** and their  
implementation

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# Our Mission

Inspired by nature.  
Powered by science.

For decades, we have successfully combined knowledge of the healing power of nature with the potential offered by science and modern technology.

We extract from plants and provide everything that is best for human health, creating natural health-promoting products. All of this in one facility. From cultivation, through harvesting, to formulation and production.

Healthy. Natural. Modern.





# Our Vision

We are leading in the category of natural health products as the global contract manufacturer.

We fulfil our vision through:



Creating the need for natural products and promoting an eco-friendly lifestyle



Offering customers and consumers high quality natural products that meet their expectations



Product development along with marketing concept based on expert knowledge, years of experience and innovative solutions



Use of modern technology



Building credibility by respecting nature in the process of sourcing raw materials and manufacturing products



An organizational culture that attracts and retains engaged employees, based on mutual respect and partnerships



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# Our Values



PERSONAL  
AND ENTHUSIASTIC



RELIABLE  
AND COMPETENT



PERMANENT  
AND GENUINE



ORIENTED AT COOPERATION  
AND EFFECTIVE MEASURES





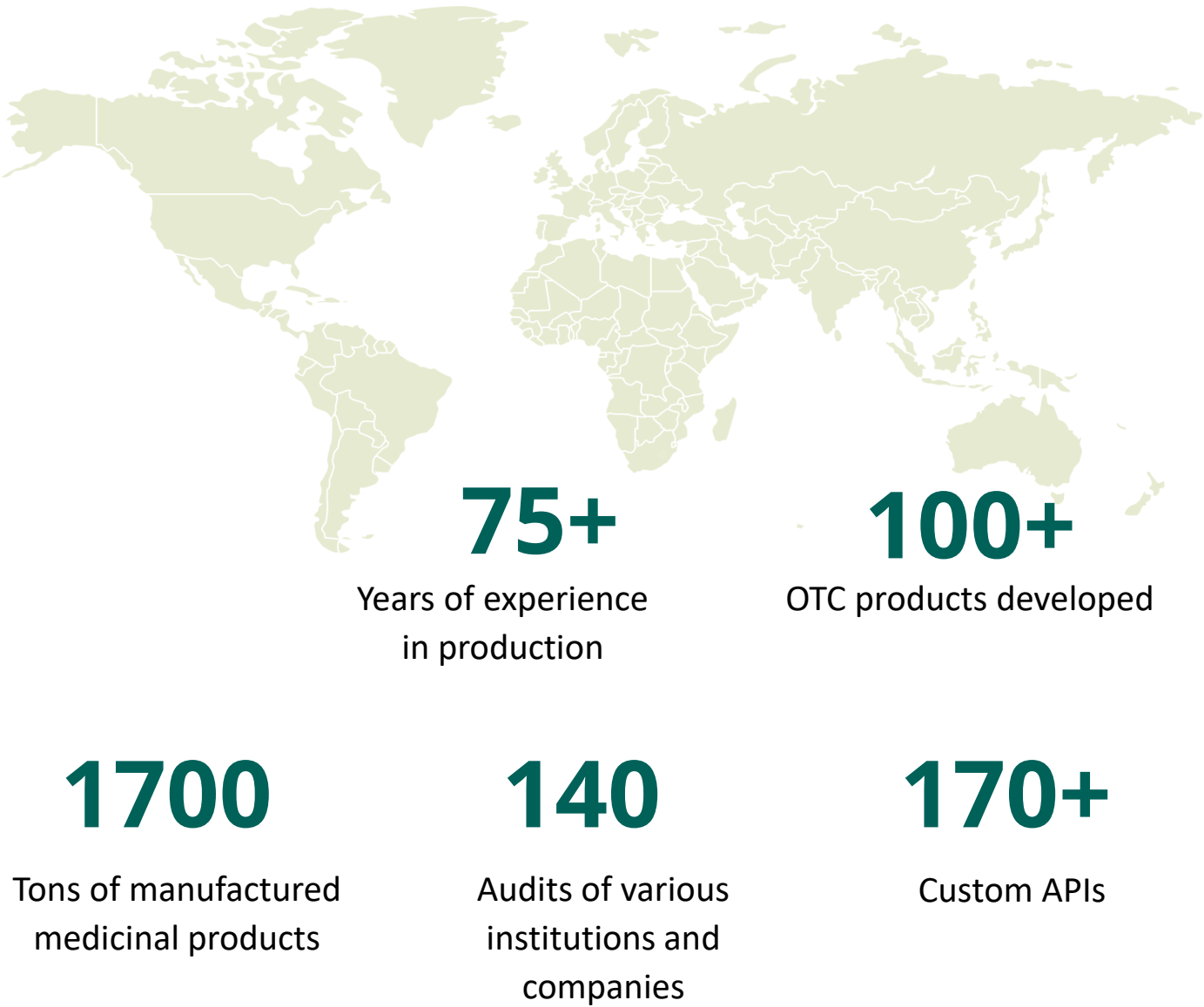
# Member of Europlant Group

Our business is rooted in the traditional local environment. We draw our strength from nature and treat its resources with responsibility.

We belong to one of the divisions of the nature network®, which develops and produces effective and safe liquid herbal medicines and medicinal teas based on the highest quality active ingredients.

We are part of the Europlant Group. In our Polish branch, we mainly produce liquid herbal medicines, distributed under the renowned brand Phytopharm Klęka, and provide contract manufacturing services.

Sustainable thinking and action are integral to our business strategy, forming the foundation of our success and a prerequisite for value growth.





## OUR HISTORY

1948

First crops in Klęka



1949

Start of pharmaceutical production at "Plant No. 11" of the United Pharmaceutical Works in Warsaw



1959

Adoption of the name and logo "Herbapol"



1975

Start of production of extracts and development of proprietary drug formulations

1994

Martin Bauer as a strategic investor

2000

Change of name from "Zakłady Zielarskie Herbapol Klęka Spółka Akcyjna" to "Phytopharm Klęka S.A.".



2019

Herbafin - new factory for production and packaging of liquid products



New filtration plant



2021

Solar power plant



2023

Wastewater equalization plant





# What our responsible business is about

1



Turning consistent profit by building relationships with all stakeholders

2



Improving the company's development strategy through the effective use of modern management tools and building lasting relationships with all stakeholders, including employees, customers, suppliers, shareholders, competitors and the local community

3



Adhering to ethical values, transparent business practices, legal regulations, as well as respecting employees, communities and the environment so that business results are in line with expectations and social values

4



Creating a competitive strategy in the market that provides sustainable value for both shareholders and other stakeholders by providing services and products in a sustainable manner, without degrading the natural or social environment



# Ethical standards in business



Our company consistently acts in accordance with the principles of business ethics, which is confirmed in the Code of Ethical Conduct of Phytopharm Kłęka that has been in place for many years, still being improved as needed. The principles set forth in this document are continuously observed, developed and promoted.

In order to better align our principles with the current standards and market challenges, we updated the Code of Ethical Conduct of Phytopharm Kłęka in 2024.





# What our responsible business is about:

### Integrity and Transparency

All of the company's operations are conducted with the utmost transparency and integrity. The company is committed to providing complete and reliable information both internally and externally in relations with customers, suppliers, investors and local communities

### Respect for Human Rights

Our company respects and promotes human rights in all aspects of its operations. It ensures fair and equitable treatment of all employees, regardless of their gender, age, race, religion, sexual orientation or other personal characteristics. Our company does not employ people who have not reached at least the minimum age specified in national legislation

### Prevention of Corruption

Our company has a zero-tolerance policy on corruption and bribery. All decisions and actions are taken in accordance with the highest ethical standards, without succumbing to financial or other forms of influence

### Confidentiality and Data Protection

Our company is committed to protecting the confidential information and personal data of its customers, employees and business partners, and therefore employs appropriate security measures to ensure data integrity and privacy

### Engagement in Sustainable Development

Our company integrates the principles of sustainable development into all aspects of its operations, striving to balance economic development, environmental protection and social responsibility

### Social Responsibility

Our company ensures that its operations have a positive impact on society. It supports social initiatives, engages in activities for the benefit of local communities and operates in accordance with the principles of sustainable development

### Environmental Protection

Our company is committed to minimizing its impact on the environment by responsibly managing resources, reducing emissions, recycling and promoting sustainable practices throughout its supply chain

### Fair Competition

Our company operates in accordance with the principles of fair competition, avoids monopolistic practices and always strives to conduct business in an ethical manner and fair to competitors

### Security and Employee Health

Our company cares about health and safety of its employees, creating safe and healthy working conditions and promoting good health practices and safe behavior

### Education and Development

Our company invests in education and development of its employees, providing them with access to training and professional development opportunities so that they can grow in line with the company's ethical values

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# CELEO

## ZRÓWNOWAŻONEGO ROZWOJU

Agenda 2030 is the world's development strategy to be achieved by 2030. It contains 17 Sustainable Development Goals (SDGs). It was adopted in 2015, when all 193 UN member states unanimously adopted the resolution "Transforming Our World: the 2030 Agenda for Sustainable Development".

Our company has chosen to focus on a few of the 17 UN Sustainable Development Goals that are most relevant to our mission and operations. By choosing these goals, we want to make the greatest possible contribution to sustainable development and positively impact the world around us.





# Sustainable Development Goals



We offer products that support consumer health and provide employees with access to health care and programs that promote a healthy lifestyle



We effectively manage water resources in production processes



We modernize the company infrastructure to increase efficiency



We invest in training and professional development for employees and also work with local schools in order to support education



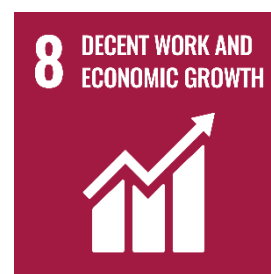
We invest in renewable energy sources and energy efficiency



We effectively manage the company's waste management



We ensure gender equality in terms of pay and development opportunities, while promoting equality and anti-discrimination



We create stable jobs and protect employee rights



We are investing in technologies that reduce CO2 emissions



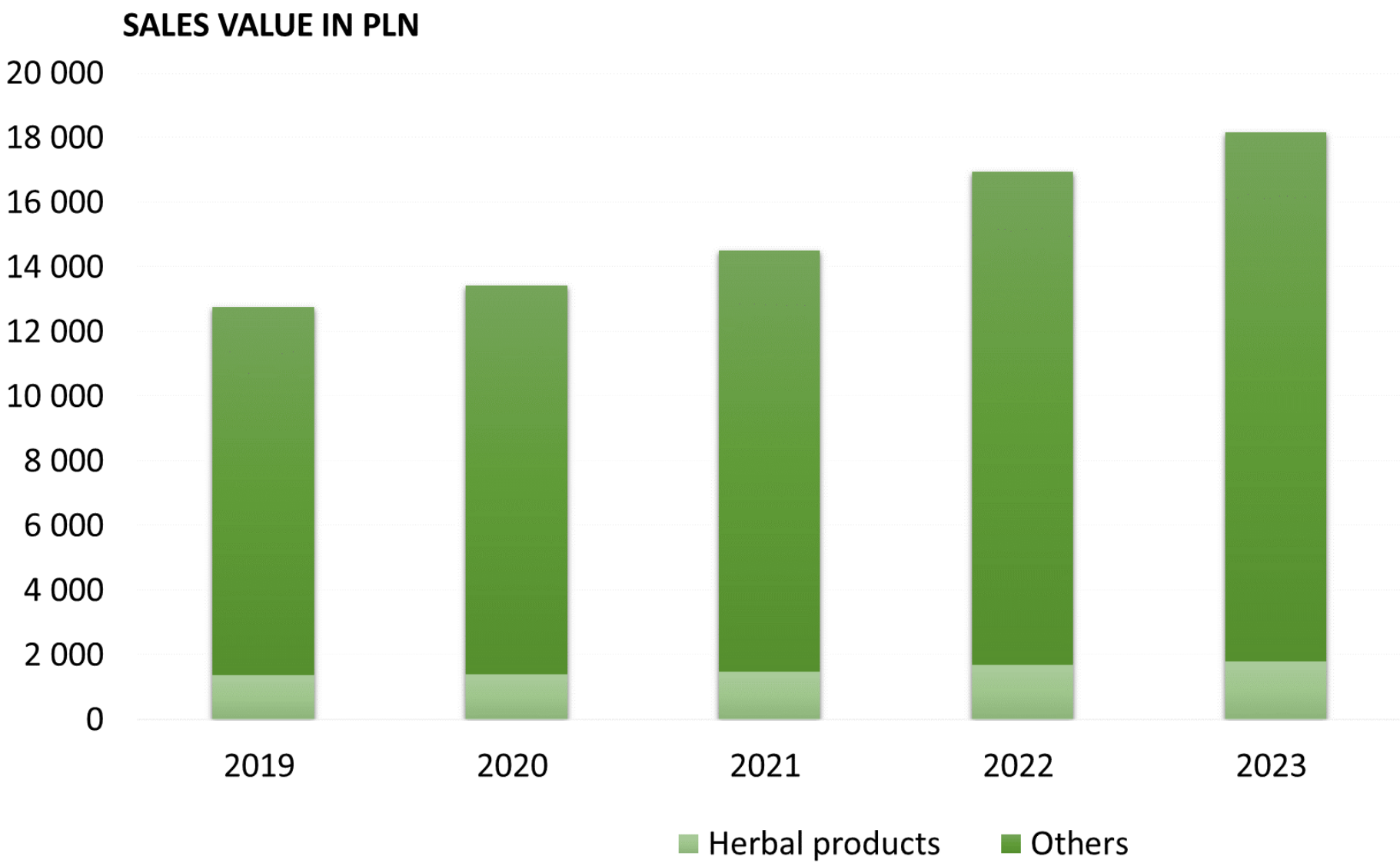
# OTC market in Poland

## Years 2019-2023

A significant portion of Phytopharm Kłęka’s products belong to the OTC drug segment.

The market, which includes traditional over-the-counter drugs sold in pharmacies, has been growing gradually over the past five years.

The herbal products segment remains stable and its share reached 11% in 2023.





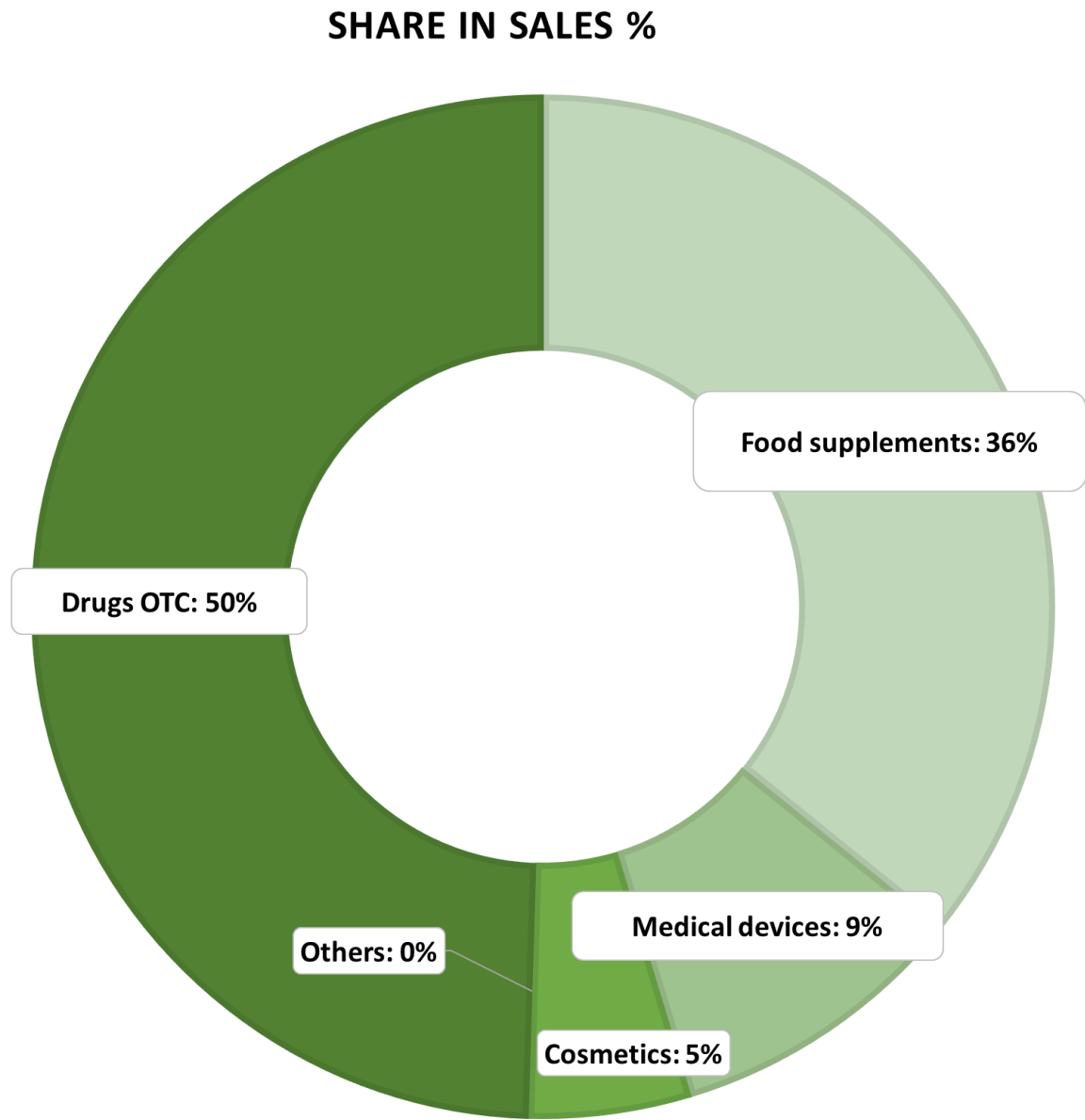
# OTC market in Poland

## Shares of each category of OTC products

Products with natural herbal ingredients have regular customers who prioritize a healthy lifestyle and the benefits of regular use of natural products.

Phytopharm Klęka successively developed its product portfolio, observing the changing market and growing consumer demands.

Currently, Phytopharm Klęka’s offer embraces four categories: OTC drugs, dietary supplements, medical devices and cosmetics.



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# Taking care of health in harmony with nature

We offer our customers plant-based products for prevention and therapy. Our products have been trusted by consumers and pharmacists for years.

We operate in two segments: B2C, where we proudly distribute products under the Phytopharm Klęka brand in various markets, and B2B, offering contract manufacturing.

While we care about providing plant-based products, we also take utmost care to make our packaging as eco-friendly as possible.

For years, we have been using mainly glass packaging, which is recyclable and ensures high quality and stability of products due to protection against oxygen and UV radiation. Drug leaflets contain information on how to handle the used packaging and the leftover drug.

We are constantly looking for modern solutions to meet the needs of customers and patients, for example, by using atomizers and dispensers.



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# Taking care of health in harmony with nature



OTC drugs \*.

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# Product development at Phytopharm Kleka

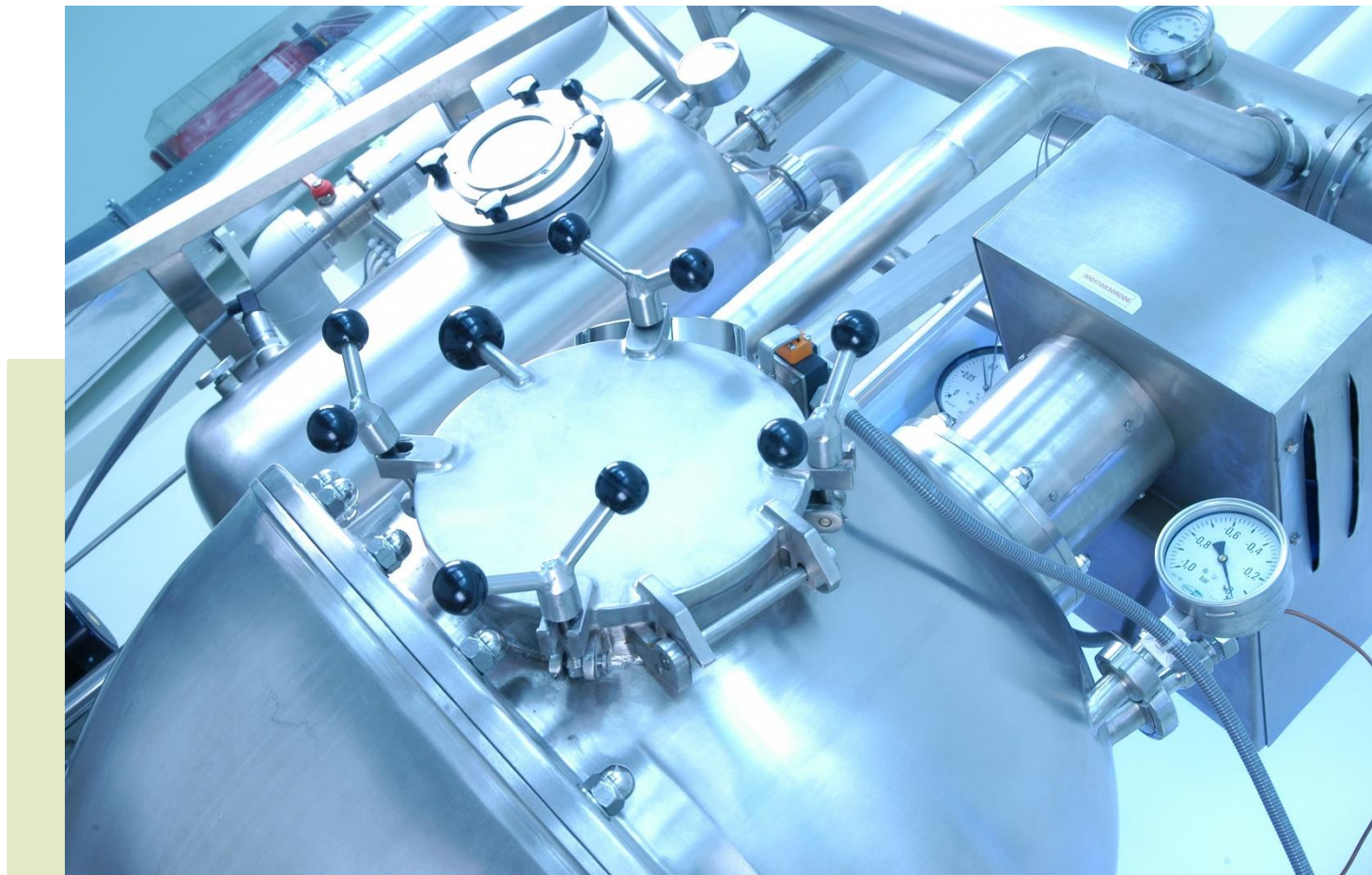
Our company is constantly striving for innovation and development with the goal of providing high-quality products that contribute to improving the health and quality of life for patients around the world, whom we put at the center of our operations.

We invest in Research and Development (R&D) to develop modern and effective drugs, dietary supplements and cosmetics. We have our own R&D laboratory, which works on new product formulations to make them more effective and safer. Our products undergo detailed analysis to confirm their quality and thus their effectiveness.

Product development in our company is also the result of extensive cooperation with universities, research institutes and other companies.

We support our clients at all stages of product development, from conception through preparation of plant material, extraction, formulation and galenics all the way to the final product.

Our product development strategies are based on an in-depth analysis of the market and patient needs. We conduct regular surveys of consumers to better understand their expectations and experiences. This ensures our products are not only effective, but also tailored to individual patients' needs.





ENVIRONNEMENT



We have been certified to ISO 14001 since 2008.

In 2023, we underwent recertification, which once again confirmed that we are conducting operations in accordance with the Environmental Management System.

This system, documented, implemented and certified by the DQS Poland notified body, obliges our organization, all employees and qualified subcontractors to consciously act to optimize processes and minimize the negative impact on the environment.

The policy is implemented within the framework of the Integrated Management System by achieving quality and environmental goals and objectives approved by the Management Board of Phytopharm Kłęka S.A.

The policy is well known to our employees and stakeholders. In addition, it is publicly available on the Phytopharm Kłęka S.A. website.



# Environmental aspects

As a result of the analysis of the processes taking place at Phytopharm Klęka, the so-called environmental aspects were identified, i.e. the company's operations that may affect the environment.

Aspects were analyzed in relation to:

- emissions of air pollutants,
  - water and wastewater management,
  - waste management,
  - consumption of utilities and materials
- under normal, abnormal and emergency conditions.

The analysis showed that the significant environmental aspects are:



**ELECTRICITY USE**



**WATER USE**



# Environmental activities

## ENERGY AND ENERGY EFFICIENCY

As a pharmaceutical company, we use large amounts of electricity and heat in our manufacturing processes. To reduce the energy consumption without affecting production efficiency, we launched the Energy Consumption Optimization Project. As part of the project, we are implementing tasks that significantly affect our energy efficiency.

### ELECTRICITY



In 2021, we built our first 50 kWp solar farm. In 2023, we began an expansion of another 450 kWp, which we plan to complete in 2024



We optimized the operation of energy-intensive equipment. We develop an energy audit every four years for the entire plant in order to optimize energy consumption



We modernized the installation of indoor and outdoor lighting - the use of LED technology with Wi-Fi-based control system, synchronized with the astronomical clock with the possibility of remote control and equipped with motion sensors



We actively participate in the Demand Side Response Program in the Power Market, through which we contribute to supporting Poland's energy security

### HEAT



We verify the temperature settings of the central heating circulating water depending on the outside temperature in order to achieve comfortable temperature in the offices



We have equipped the boilers with PID controllers to dynamically regulate the power of the burner. This results in lower energy consumption, as the controllers reduce the power of the burner depending on steam consumption by production departments



We invested in steam valve insulation, for which we received Energy Efficiency Certificates



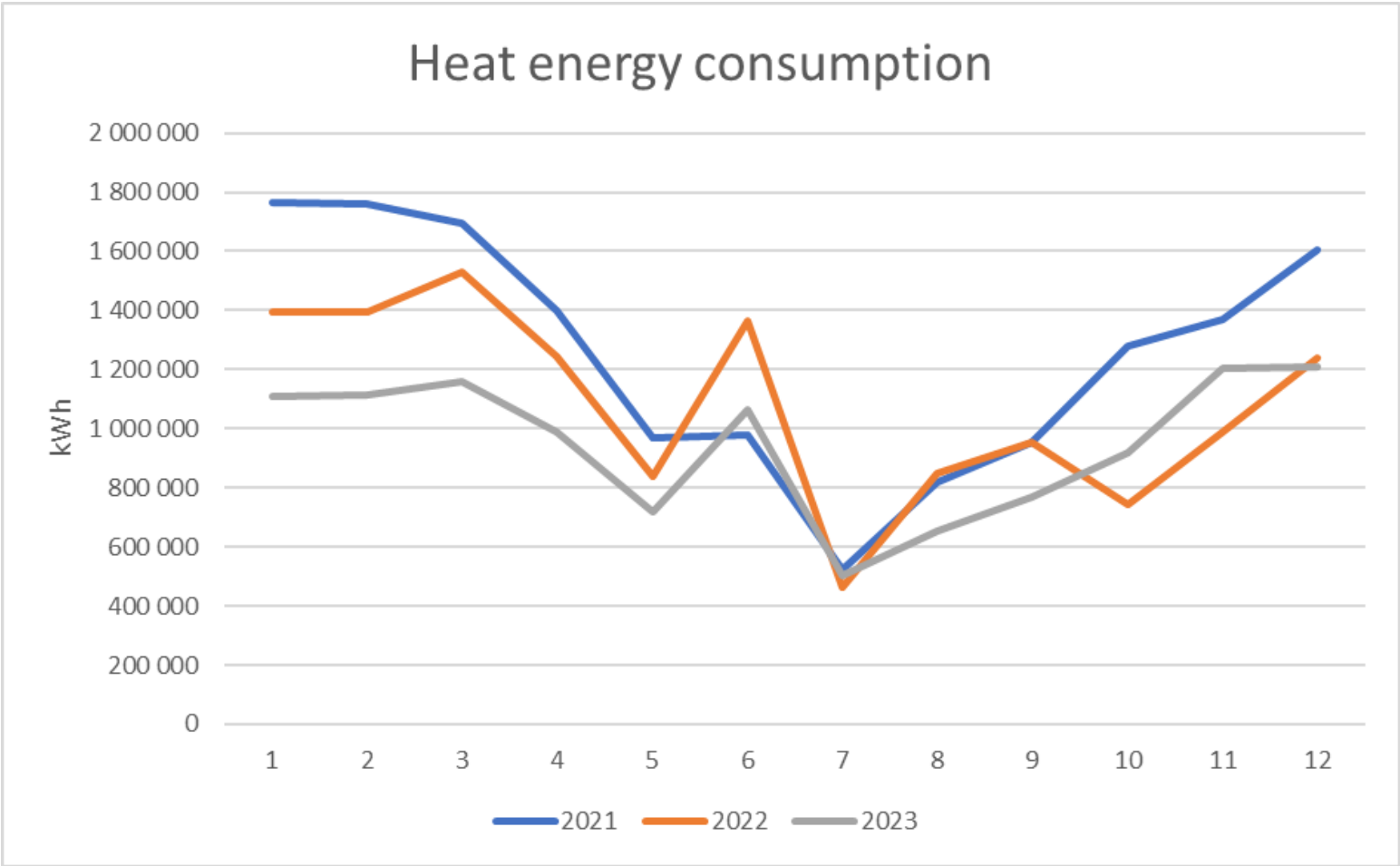
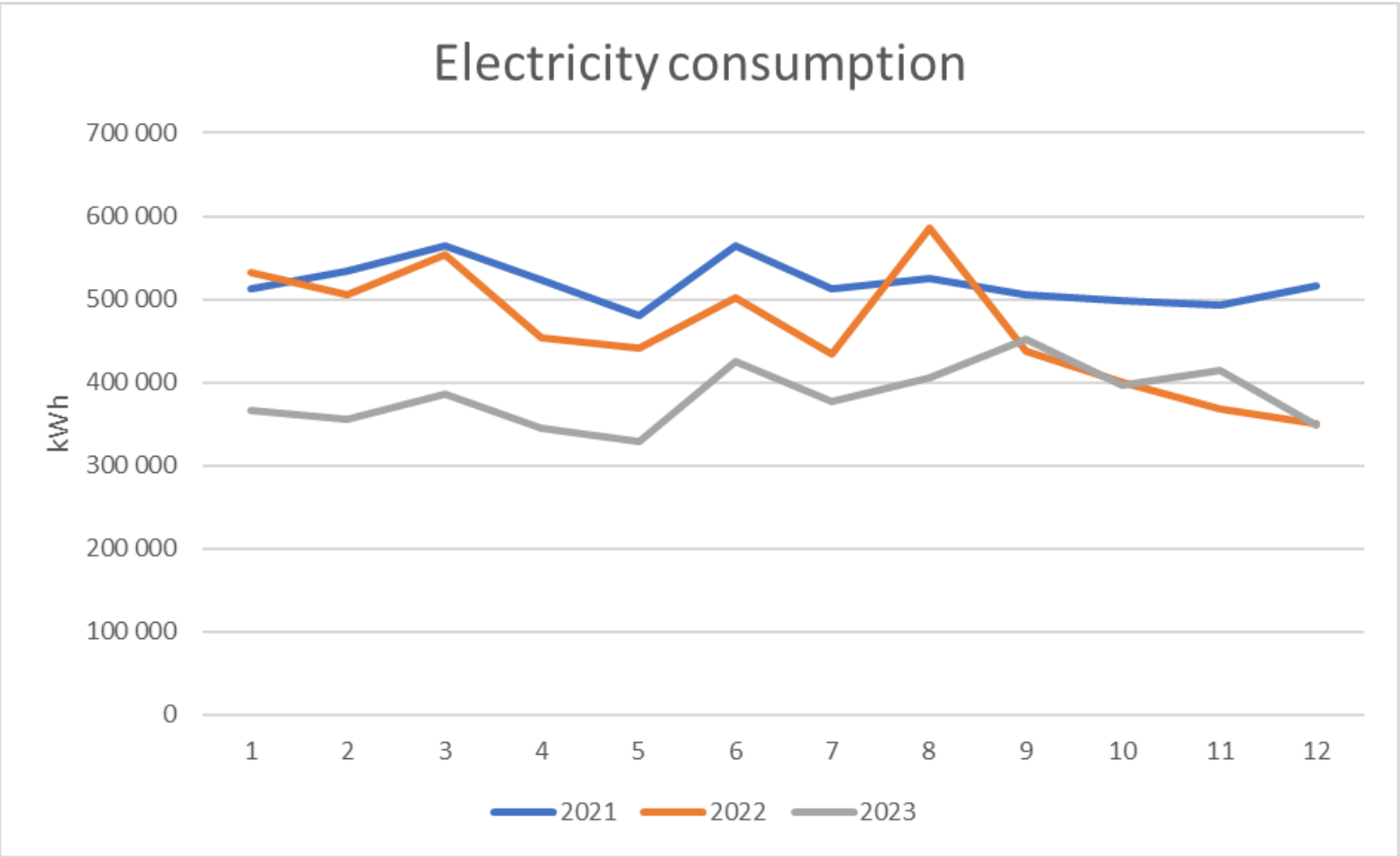
The project includes training and education campaigns for employees. Increasing awareness of the importance of energy conservation and responsible use of resources leads to more conscious and efficient behavior in the workplace.



# Environmental activities

## ENERGY AND ENERGY EFFICIENCY

Trend showing reduction in energy consumption at Phytopharm Kłęka





# Environmental activities

## EMISSIONS OF AIR POLLUTANTS

Phytopharm Klęka, due to the nature of its production, is subject to regulations on the use of the environment in terms of air pollutant missions. We operate in accordance with the provisions of the permit for the introduction of gases and dust into the air, and annually report to the relevant control authorities. Appropriate technical measures have been installed on our emitters to prevent or reduce emissions such as: non-woven filters, fabric filters, bag filters or cyclones.

We are also subject to the emission standard for volatile organic compounds (VOCs) for pharmaceutical manufacturing facilities at a level of no more than 15%. In recent years, the standard has been below 5%.

| Year | Emission standard S5 (acceptable) | S5 emission standard |
|------|-----------------------------------|----------------------|
| 2023 | 15%                               | < 5%                 |



# Environmental activities

## CARBON FOOTPRINT

Since 2021, Phytopharm Klęka has been realizing the GO ZERO Climate Neutrality Project, which aims to both calculate and monitor greenhouse gas emissions per carbon dioxide equivalent (CO2e) into the atmosphere, as well as oblige the company to take measures that will lead to climate neutrality. The team's work included an analysis of the impact of the company's and processes on the natural environment. These activities led to the calculation of a carbon footprint for Phytopharm Klęka S.A.

The road to climate neutrality has been divided into 3 stages:

- **MEASUREMENT** - that is, calculation of the nodal footprint for the so-called base year, i.e. 2020. Subsequent measurements take place at intervals of one year.
- **REDUCE** CO2 emissions to a minimum.
- **COMPENSATION** compensation of CO2 emissions where we have failed to eliminate it despite our strenuous efforts.

Analysis of the data for calculating the carbon footprint showed that the largest share of our carbon footprint is conventional electricity.



*Scope 1 refers to total CO2 emissions resulting from fuel combustion*

*Scope 2 includes total CO2 emissions from from the purchase of energy*

*Scope 3 considers the total CO2 emissions from the supply chain (both ways)*

Carbon footprint for PPK for 2022

| YEAR | Carbon footprint [tons CO2e] | Scope 1 [tons CO2e] | Scope 2 [tons CO2e] | Scope 3 [tons CO2e] |
|------|------------------------------|---------------------|---------------------|---------------------|
| 2022 | 17 626                       | 3 804,00            | 4 774,00            | 9 048,00            |





# Environmental activities

## CARBON FOOTPRINT



We invest in renewable energy sources



We systematically organize and encourage employees to participate in initiatives that promote carbon footprint reduction, such as bicycle commuting and other environmental activities



We have developed an Energy Concept that identifies strategic issues regarding sources of energy production and their use while maintaining maximum neutrality with respect to the environment



We participate in Climate Neutrality and Energy Management projects within the nature network®.



We modernize heating, ventilation and lighting



Every year we join in the celebration of European Sustainability Week through the events we organize. We share our initiatives at <https://www.esdn.eu/esdw> and <https://act4sdgs.org/>





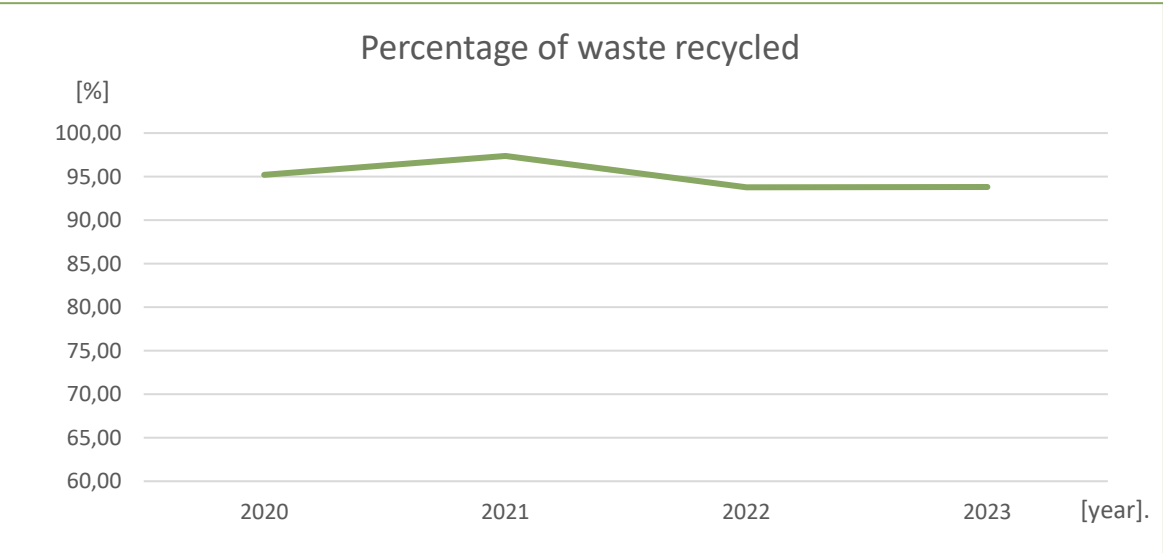
# Environmental activities

## WASTE MANAGEMENT

At Phytopharm Kleka, we attach great importance to measures to reduce waste generation.

We operate on the basis of a waste generation permit. For many years we have been cooperating with proven and regularly qualified waste receivers and entering into cooperation with new ones.

In 2023, more than 93% of the waste we generate will be recycled.



We are constantly improving our waste management system by:



Retrofitting production and support departments with bins for waste and information boards



Employee training on ISO 14001 and waste management



Collecting electric and electronic waste



ISO 14001 working group training courses



Transfer of post-extraction waste and pomace to biogas plants



Employee training in spill response and use of environmental first aid kits



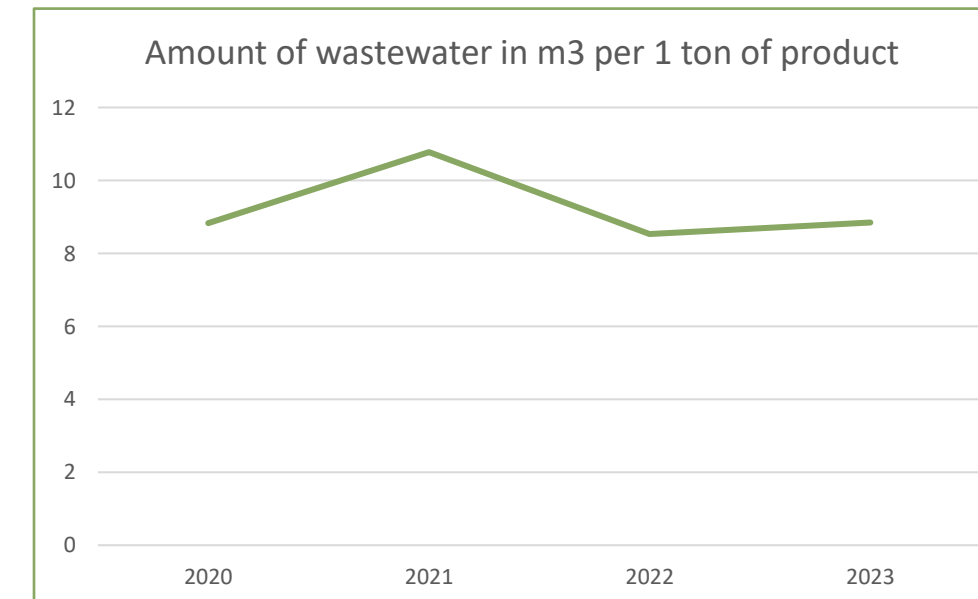
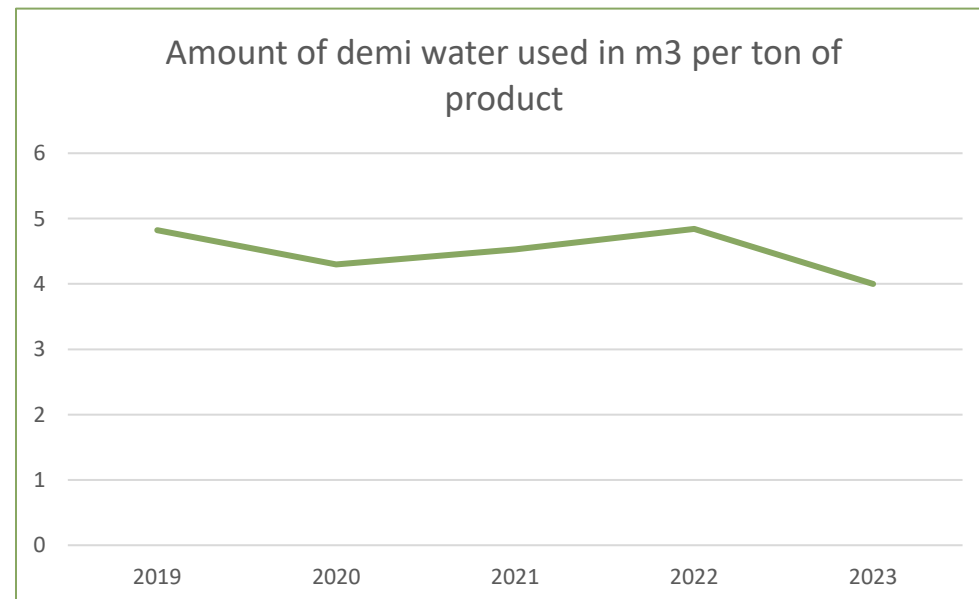
# Environmental activities

## WATER AND SEWAGE MANAGEMENT

On the premises of Phytopharm Kleka S.A. there is an intake of groundwater from deep wells, from where water is drawn for production, household purposes, as well as for supplying water to the local population on the basis of a contract for wholesale water supply.

We operate in accordance with the permits obtained for both water intake and water and wastewater management. We regularly conduct tests on water, wastewater and our deep-water intakes.

In 2022, we have developed a *Risk Analysis for our groundwater intakes*, which is a tool for ensuring the quality of water abstracted for supplying the public with water for drinking and supplying establishments requiring high quality water, as well as protecting water resources, introduced under the Water Act of 2017.





# Environmental activities

## WATER AND SEWAGE MANAGEMENT



We have gradually increased the size of the series produced and thus reduced the use of water and detergents for washing processors saving such an important natural resource



We take care of our water and wastewater infrastructure through regular maintenance



We have built a wastewater averaging plant that has helped stabilize the quality and quantity of wastewater discharged



We are revalidating the washing of equipment used to produce oil formulations on confectionery lines. We plan to modernize the washing process for these lines to reduce the time and reduce water consumption



We monitor the amount of water used on an ongoing basis



We regularly monitor the quality of the water we use



# Environmental indicators (KPIs)

| # | Meters per ton of product                                | 2021 result | 2022 result | 2023 result |
|---|----------------------------------------------------------|-------------|-------------|-------------|
| 1 | amount of waste generated in tons per ton of product     | 0,20        | 0,27 ↑      | 0,25 ↓      |
| 2 | amount of demi water used in m3 per ton of product       | 4,53        | 4,84 ↑      | 4,00 ↓      |
| 3 | amount of steam consumed in GJ per ton of product        | 9,14        | 7,82 ↓      | 6,62 ↓      |
| 4 | amount of electricity consumed in MWh per ton of product | 1,45        | 1,17 ↓      | 0,98 ↓      |
| 5 | amount of wastewater in m3 per 1 ton of product          | 10,78       | 8,53 ↓      | 8,85 ↑      |
| 6 | amount of gas consumed in m3 per ton of product          | 391,58      | 49,92* ↓    | 207,77 ↑    |

\*In 2022, we used alternative fuel.

| #  | Other meters                                                                                     | 2021 result | 2022 result | 2023 result |
|----|--------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| 7  | amount of energy produced by photovoltaic panels in thousands of kWh                             | 19,90       | 54,70 ↑     | 50,50 ↓     |
| 8  | water consumption in m3/year                                                                     | 155,90      | 163,71 ↑    | 158,25 ↓    |
| 9  | operating time of emitters in h/year                                                             | 5995        | 4509 ↓      | 2143 ↓      |
| 10 | renewable energy consumed in relation to total energy consumed in %                              | 1,00        | 1,00        | 1,09 ↑      |
| 11 | weight of non-hazardous waste generated in relation to the weight of all of waste generated in % | 98,98       | 99,07 ↑     | 98,85 ↓     |
| 12 | weight of hazardous waste generated in relation to the weight of all waste generated waste in %  | 1,02        | 0,93 ↓      | 1,15 ↑      |
| 13 | weight of waste recycled in relation to all waste generated in %                                 | 84,19       | 86,22 ↑     | 83,44 ↓     |

*Phyto  
Pharm*



QUALITY



# Our goal is the highest quality and product safety

The functioning of our quality system is confirmed by certificates awarded by accredited supervisory and certification bodies and numerous audits of our customers.

Our integrated quality system covers all categories of products manufactured at Phytopharm Kłęka, including medicinal products, active pharmaceutical ingredients (APIs) and excipients, medical devices, biocidal products, cosmetics and dietary supplements. In addition, it also covers laboratory services and contract manufacturing.

With our integrated quality system approach, we ensure high standards for our products and services at every stage - from conception, development and production to warehousing and distribution.



We also invariably monitor the safety of our products on the market.

The integrated product safety surveillance system includes: pharmacovigilance (medicinal products), cosmetovigilance (cosmetics), materiovigilance (medical devices), as well as food safety (dietary supplements) and poison control (biocides).

Our motto is to ensure the high quality and safety of Phytopharm Kłęka products and services at all stages of the product life cycle.



QUALITY

# The system operates on the basis of applicable legal requirements and ISO standards

In our company, in order to provide patients and consumers with products of the highest quality and safety of use, we have established, implemented continuously improve our integrated management system.

### GMP Certificate

IWSF.405.106.2022.IP.1.1  
WTC/0174\_01\_01/243  
ISF.405.6.2024.IP.1  
WTC/0174\_01\_02/10

### GDP Certificate

IWSF.405.119.2021/IP.2  
WTC/0174\_01\_02/310

### ISO 14001:2015

Certificate registration number  
399153 UM15

### ISO 22000:2018

Certificate registration number  
399153 FSMS2018

### IFS certificate

Certificate registration number  
399153IFS7

GMP certificates confirm compliance with the principles of Good Manufacturing Practice in the production process. GMP standards ensure that drugs and active substances manufactured at Phytopharm Klęka S.A. are produced and controlled in accordance with standards of quality, safety and efficacy of pharmaceutical products

We ensure that pharmaceutical products are stored, transported and distributed from the Phytopharm Klęka S.A. plant in accordance with appropriate quality standards. Our goal is to protect the integrity of pharmaceutical products at every stage of the supply chain, which is essential to maintain their efficacy and safety

We are continuously improving our operations in relation to the requirements of the standard that the organization must meet in order to minimize the negative impact of its activities on the environment, in accordance with applicable regulations and good environmental practices

We ensure that our products are safe for consumers while meeting legal and regulatory requirements for food safety

We guarantee the quality and safety of production and distribution processes, which is key to protecting the health of patients and consumers



# Ethics audits

Ethics audits provide us with valuable feedback that helps us identify areas for further improvement and continue our journey toward even greater accountability.

## EcoVadis



In 2022 and in 2023, we were awarded a silver medal in the EcoVadis ethics audit, which evaluates our sustainability activities and social responsibility.

Earning this badge is a significant achievement for us, which underscores our commitment to conducting our business in a sustainable and responsible manner. We are proud of this award and determined to continue our efforts to protect the environment, provide decent working conditions and adhere to the highest ethical standards. Together, we are striving for a better, more sustainable tomorrow.



## Sedex

In 2022, we received a Sedex rating of 3.1/5.0, which we improved in 2024 by receiving a 4.0/5.0 rating.

Sedex is a global assessment system that helps companies identify, assess and manage risks associated with ethical and responsible practices throughout the supply chain.

This enables transparency and cooperation between companies and their suppliers, which is key to building trust and improving working conditions and business practices.



# Responsible manufacturing

At our company, responsible manufacturing is the foundation of our business and a key element in our journey toward sustainability.

We strive to minimize the environmental impact of our production, while ensuring the highest standards of quality and safety for our products.

In pursuit of our optimization goals, we are systematically implementing modern technological solutions and improving production processes to increase efficiency in the use of natural resources and reduce emissions.

Our commitment to sustainability reflects our responsibility to people's health, the environment and the company's long-term development.

## Optimization activities:



We are constantly working to increase the efficiency of work on confectioning lines. In 2022 - 2023, we increased the productivity on the manual confection line by 5%, which allowed us to save media consumption



We identify input materials that can be delivered in larger packages and then order them, which reduces packaging waste, lowers costs associated with disposal, and increase the efficiency of logistics and warehousing processes and warehousing



We have optimized the bottling process for oil products, saving time and media consumption



We have reduced glass bottle losses to 0.5% and cap losses to 1.5%. We regularly monitor polymer and glass packaging losses to further minimize waste



We are reducing the use of polymer packaging for drinking water in production departments. We aim to replace traditional packaging with flow-through water dispensers



SUPPLY CHAIN



## Supply of raw materials

Our crops are grown in accordance with Good Agricultural Practice, which includes the maintenance of Crop Cards by our growers, regular inspections of the plantations, the use of GMO-free crops and strict quality control. All suppliers undergo verification according to our quality system.

### Examples of raw materials used:



Mint



Saint-John's-wort



Ginkgo biloba



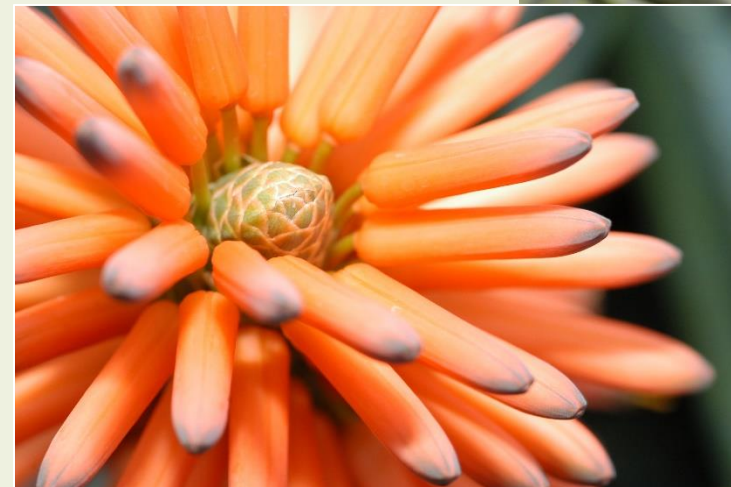
Chamomile



## Aloe vera - a treasure from a plant pot

Phytopharm Kleka has a unique plantation of a valuable plant – the aloe tree (*Aloe arborescens* Mill.). Fresh leaves of the aloe tree are used to produce medicinal extracts, which are the active substance of our OTC medicines.

Our 4,000-square-meter greenhouses are home to thousands of plants. Plants that are ripe for harvesting are three years old and grow up to one and a half meters tall. Their place is taken by new seedlings. Interestingly, this happens in a specific "closed circuit." Cuttings are also grown on site, from cut leaves of slightly under-grown plants.

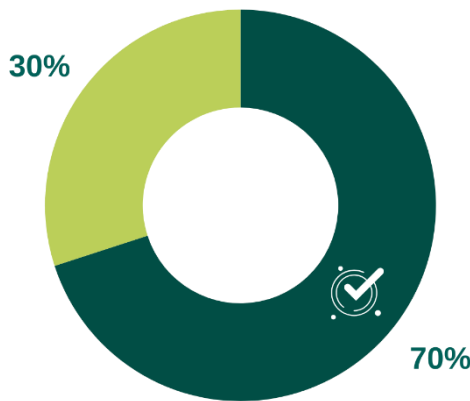




# Code of Ethical Conduct for Suppliers

At the nature network® Group, suppliers are companies that meet the requirements set forth in the Code of Ethical Conduct for Suppliers. In 2024, our Code of Ethical Conduct for Suppliers was updated, requiring our suppliers and customers to approve and comply with these principles.

The acceptance rate of our suppliers' codes of ethical conduct is a key metric for us to assess the extent to which our business partners comply with our standards. In the first half of 2024, the rate was 70%, a significant step toward full compliance in our supply chain.



Respect for basic human rights



Environmental protection



Ban on child labor



Health and safety employees



Compliance with the law and the prohibition of corruption and bribery



# Protection of natural resources

Rational management of resources, conducting the processes of obtaining raw materials from the natural state in a sustainable manner with care for the natural environment is our motto.

Each raw material supplier is properly qualified, and their skills are regularly upgraded through training.

## Martin Bauer Group - a major supplier of raw materials

Martin Bauer Group, part of the nature network®, has created a special mabagrown® sourcing standard that underscores their commitment to sustainable sourcing.

Botanical ingredients come from more than 80 countries around the world.

Social and environmental projects are being implemented to improve working and living conditions in local communities.

These efforts seek to increase the number of sustainable supply chains.



Hawthorn inflorescence



Chestnut fruit



Coltsfoot



Horseweed



# Logistics and transportation

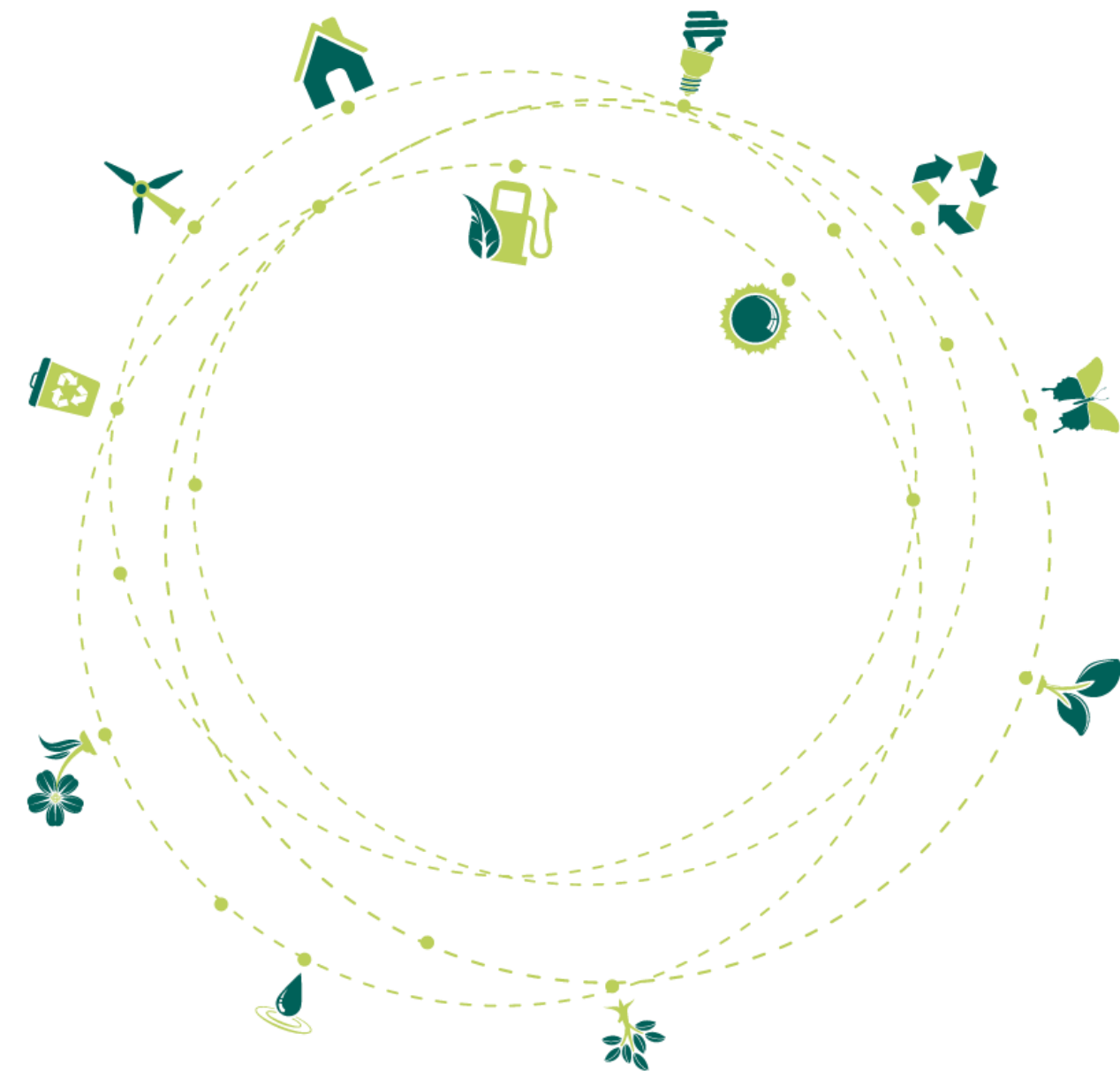
Our approach to logistics and transportation in the supply chain is an integral part of our commitment to sustainability.

By continuously improving processes, investing in cutting-edge technologies and working with business partners, we aim to minimize our environmental impact by contributing to global climate protection efforts.

In carrying out orders, we rely on the highest quality products and proven suppliers. As a result, we minimize logistics costs and ensure trouble-free and flexible delivery.

Our supplier selection activities are governed by an integrated management system. Our suppliers have the necessary certifications, documented supply chains and are subject to regular verifications.

Such policies allow us to quickly adapt to changing market needs.





# EMPLOYEES & CSR



# Transparency in employment

## Recruitment and staffing

Our recruitment process is based on consistent principles and sustainable best practices. We use uniform recruitment tools and effective communication. Candidates' qualifications, not their gender, age, beliefs or sexual orientation, are our top priority.

We value education, knowledge, experience and skills. We strive to create an equal work environment by promoting internal recruitment and professional development for all. In 2022, we employed 364 employees, more than 64% of whom were women in various positions. In 2023, the employment rate was 374 employees, which demonstrates our growth, and the increase in the proportion of women to 68% in our organization confirms the absence of gender barriers.

## Gender equality in employment

We respect our employees and protect them from discrimination from the moment they are hired, through promotions, training and working conditions. We promote equality of opportunity and diversity, supporting the building of an organization in line with our values.

In our organization, at the end of 2022, people with disabilities accounted for 1.1% of our workforce, while in 2023 the ratio was 1.3%.



**374**  
people  
employed at the end  
of 2023

**68%**  
employed  
women  
in 2023

**36%**  
employees  
with more than  
10-year job  
seniority

**59%**  
people in managerial  
positions  
are women

**93%**  
permanent staff

Equality in our organization is expressed in:

- ✓ Code of Ethical Business Conduct
- ✓ Recruitment and staffing procedure
- ✓ Our internal policies against bullying, violence and harassment and discrimination in the workplace



# Employee rights and openness in communication

## Compliance with labor laws

At our company, we comply with regulations on labor matters, and equal treatment is a key element of our practices.

We support activities that foster positive relations between employees, reducing stress and tension levels and promoting ethical behavior. Employees have the opportunity to file individual and collective complaints.

Our company has a trade union organization, which in 2022-2023 accounted for 7.41% of employees.

We maintain constant contact with employees and labor unions by holding quarterly meetings with the Board of Directors. In 2022, we established a "Communication on 6" team to improve our communication channels. In 2023, we purchased monitors to display internal information in production areas.

## Remuneration policy

The compensation management system is based on internal consistency, fairness and competitiveness. We have developed a salary grid within the company, based on which salaries for individual positions are determined.

Once a year, we conduct an analysis of our salaries in relation to market trends. More than 90% of our employees are covered by a bonus system and Collective Agreement.



The "Communication on 6" team began its activities in July 2022.

7,41% of employees belong to company unions

## Structured onboarding process, supports development from the very beginning of the professional journey in our structures

Mandatory initial training and licensing:

- Health and safety training,
- Environmental Training
- Training in general quality assurance knowledge, good manufacturing practice (GMP, IFS, ISO)
- Training in Pharmacovigilance (monitoring the safety of medicinal products)
- HR training (procedures, regulations, Collective Agreement)
- Mandatory periodic examinations and a current sanitary-epidemiological booklet
- Improving professional skills by referring employees to technical training (licenses)



## We care about safety in the workplace



### Ergonomics

We conduct systematic inspections to adjust positions ergonomically as well as applying LEAN and 6S principles. We are successively implementing new good health and safety practices by working in teams consisting of, among others, representatives of production departments

### Work Environment

We systematically conduct monitoring of the working environment and adjust Individual and Group Protection Measures according to the results of the measurements. We inform employees about changes in the hazards at given positions, we create registers and summaries showing the changes



### First Aid

There are first-aid kits on the premises as well as 2 AED defibrillators, which are ready for immediate use in case of danger of loss of vital functions. Every year we train in the field of first aid, as well as and qualified pre-medical assistance

### Education

We create signs and information leaflets related to with safety at work, e.g. lifting standards, safe forklift operation, or take care of your eyesight and hearing. Abbreviated and clear ORZ booklets have been created for employees. We provide training in anti-bullying and accident prevention



### Good Health and Safety Practices

We give lectures at national health and safety meetings. We cooperate with other health and safety companies, transferring proven good practices to our facility. We organize educational campaigns and activism in the areas of safety and environmental protection, including an annual EHS competition for all willing employees

### Health prevention

Every year we conduct pro-health prevention campaigns and conferences with the participation of medical experts and representatives of the State Sanitary Inspection and the State Labor Inspectorate



### Accident rate

Our company has a procedure for reporting all accidents, incidents and dangerous situations and analyze them in detail to prevent future incidents

### Health support

Drinking water dispensers are placed throughout the company, as well as electrolytes during the summer. During the fall and winter seasons, we provide employees with fresh lemons and regularly deliver packages of nutritional supplements, including vitamins



### Security

We comply with applicable health and safety regulations and standards, and regularly conduct internal audits. At the same time, we conduct periodic technical inspections of machinery and equipment to ensure their efficiency and safety of use

### Fire Department

We cooperate with the State Fire Service and have a volunteer fire department on the premises, composed of 80% of the of our employees. We regularly conduct fire drills



## We care about the well-being of our employees

 **91%**  
Employees using  
private medical care in 2023

### HEALTHCARE

At our company, we provide private medical care, which is used by 91% of employees, financing almost the entire cost of the package. Our employees can expand their packages and add family members. This gives them convenient and quick access to doctors and specialized tests.

 **43%**  
Employees using  
Multisport card in 2023

### MULTISPORT

As an employer who cares about the health and well-being of our employees, we offer a benefit in the form of a Multisport card, financing almost the entire cost. In 2023, more than 40% of our staff took advantage of it. Our employees can extend their package to family members. This gives them access to a wide range of sports and recreational facilities throughout the country. We believe that investment in their health translates into satisfaction, motivation and efficiency at work.

 **54%**  
Employees took part in  
in trainings

### PREMEDICAL FIRST AID

Every year, we organize a pre-medical first aid workshop to improve our employees' awareness and skills in responding to emergency situations. This initiative is part of our efforts for health and safety in the workplace.

 **68%**  
Employees took part  
in preventive examinations  
in 2023

### PROFILES

Every year we offer our employees free preventive examinations. This initiative, fully funded by the company, aims to take care of the health of our team, reducing the risk of disease.



## We care about the well-being of our employees

Phytopharm Kleka pays special attention to creating a friendly work environment where every employee feels appreciated and motivated. Our employee benefits are designed to support professional development, health, work-life balance and the overall quality of life of our employees.



### The benefits that employees can take advantage of are:

#### **Vacations under the "pear tree"**

Subsidized summer vacation organized on your own or through a travel agency that allows you to spend time in a destination of your choice

#### **Christmas packages**

Special sets of carefully selected products prepared for the holidays to make this special time more pleasant

#### **Forgivings**

Financial assistance in emergency, difficult life situations, occasional gifts

#### **Subsidies for cultural and educational activities**

Financial support for participation in cultural and educational events

#### **Multisport card**

Access to a wide range of sports facilities, allowing you to spend time actively and taking care of physical fitness

#### **Medical care**

Private health care providing access to a wide range of medical services



### The benefits that employees can participate in are:

#### **Christmas meeting**

A celebration that allows employees to celebrate together and build relationships in a festive atmosphere

#### **Employee integration**

A variety of events and activities that strengthen team bonds and foster cooperation

#### **International Fishing Competition**

Emotional fishing competition, in which employees from different countries participate, combining passion with integration

#### **Employee anniversaries**

Celebrate work anniversaries that recognize employees' loyalty and contributions to the company's growth

#### **Competitions**

Interesting and engaging competitions that motivate employees and their children to demonstrate their creativity and skills. Actions that promote a healthy and balanced lifestyle. Initiatives and campaigns that support healthy habits and care for the environment



## We are a company focused on growth and learning

### We organize trainings

At Phytopharm Klęka S.A., training planning is a complex process that involves employees, managers and the HR Department. It includes job training, in-service training, specialized training and soft skills development.

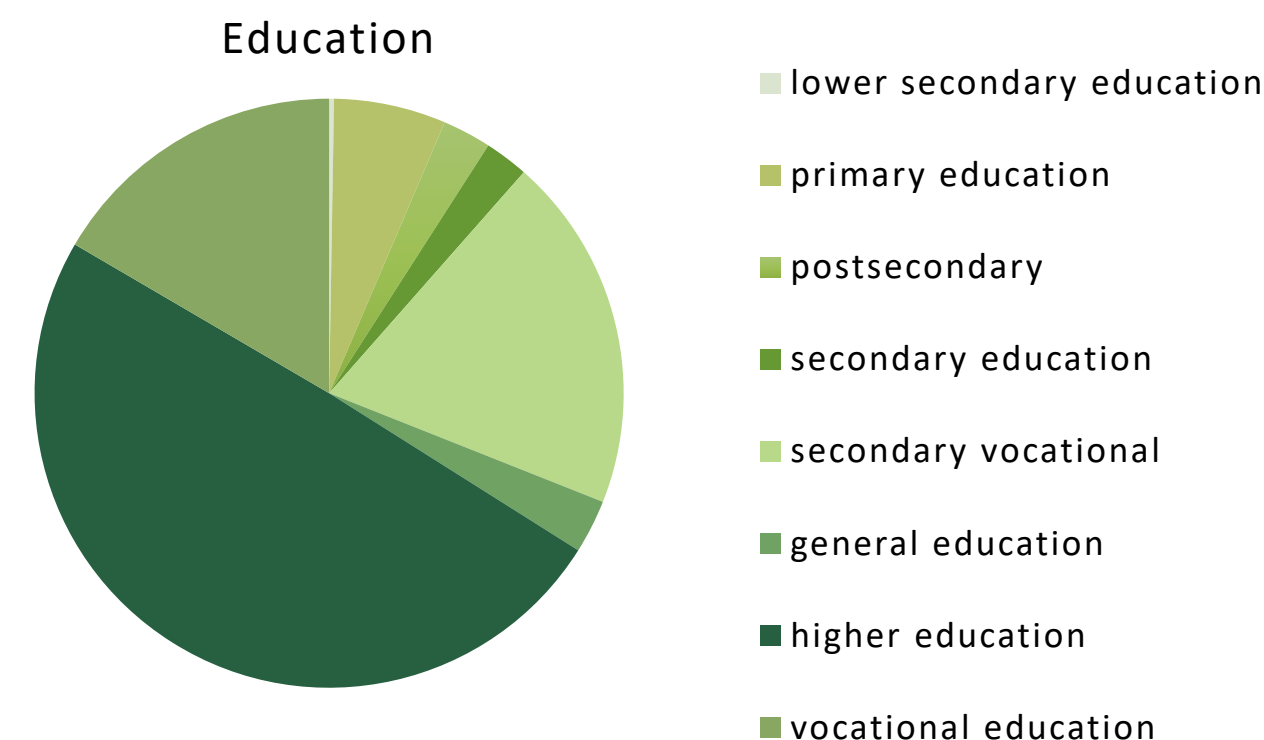
We regularly organize workshops and training for managers. In 2023, all production leaders and the youngest managerial staff participated in managerial training and competency assessments. In 2024, we plan to expand the annual evaluation of our employees.

After each training session, we review its effectiveness and participant satisfaction to better tailor future programs.

In the coming years, we plan to implement a comprehensive program to report on all internal training and external.

### Subsidies for learning a foreign language

Our company offers subsidized English language tuition as part of our commitment to developing the competencies of our employees, supporting them in improving their language skills, which are crucial in a dynamic international environment.

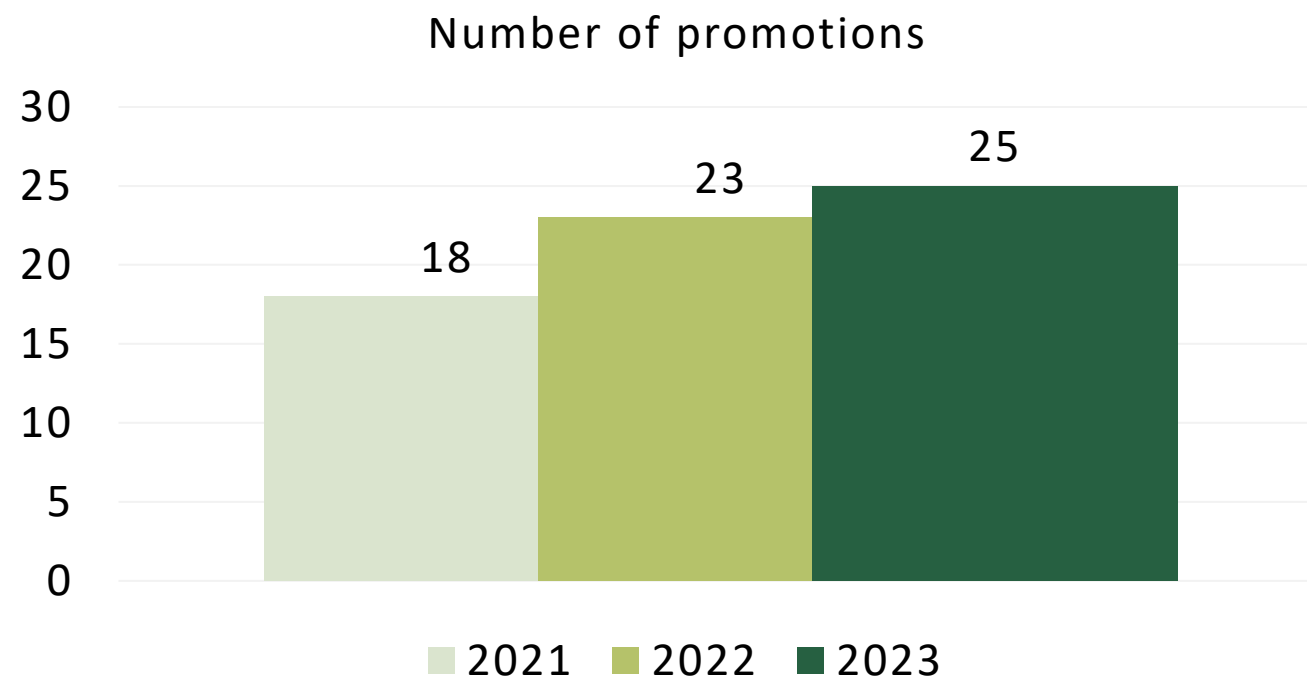




# We develop the competence of our employees

## Development Opportunities

In our company, there are opportunities for both horizontal and vertical promotions. We encourage employees to regularly follow internal announcements of openings. These opportunities allow for career development in a variety of areas tailored to individual aspirations and competencies.



## Acting as a Guardian

We understand how crucial it is to properly implement a new employee. An effective adaptation process makes it possible to quickly achieve the set goals and full independence at work. At Phytopharm Kłęka S.A., thanks to the appointment of the Guardian function, the adaptation process is both friendly and effective. Experienced employees act as mentors, supporting new team members while developing their leadership competences

## Participation in projects

Phytopharm Kłęka S.A. has an active Project Management Team, which involves employees in project teams. Thanks to this, our employees have the opportunity to participate in interdisciplinary teams, which promotes the exchange of knowledge and experience. Such cooperation allows for the development of competencies and achieving better results in ongoing projects

## Engaging experts

Specialists in various areas conduct internal training for new and existing employees at Phytopharm Kłęka S.A.. In this way, they not only support the development of the team, but also develop their own coaching competences. This initiative strengthens the culture of knowledge sharing and continuous improvement in our company



# We evaluate the achievements and results of the work our employees

## Management by objectives

In our company, we have introduced a process for setting and achieving goals. The supervisor together with the employee agree on individual goals that are in line with the organization's objectives. Regular evaluation of the achievement of the goals allows monitoring of progress and provides feedback to the employee. Achieved goals qualify the employee for bonus payments, which motivates effective work and increases commitment to results

## Annual Evaluation System

We are working on improving our Employee Annual Evaluation System, which will integrate the evaluation of the competency model. The new system will allow for a more comprehensive and objective assessment of employees' performance, taking into account both their skills and specific competencies. The ongoing assessment contributes to the design of individual professional development paths and training planning, which will allow us to better tailor our development offer to our employees and support them in reaching the next stages of their careers

## Training management

We have implemented a procedure to ensure the organization of a system of training, further training and qualification of employees. The procedure aims to meet the training needs of employees so that they achieve the required efficiency and quality of work. Through systematic and well-planned training activities, we ensure that our employees have the necessary skills and knowledge, which translates into their professional development and raising the standards of our operations

## Onboarding and reboarding

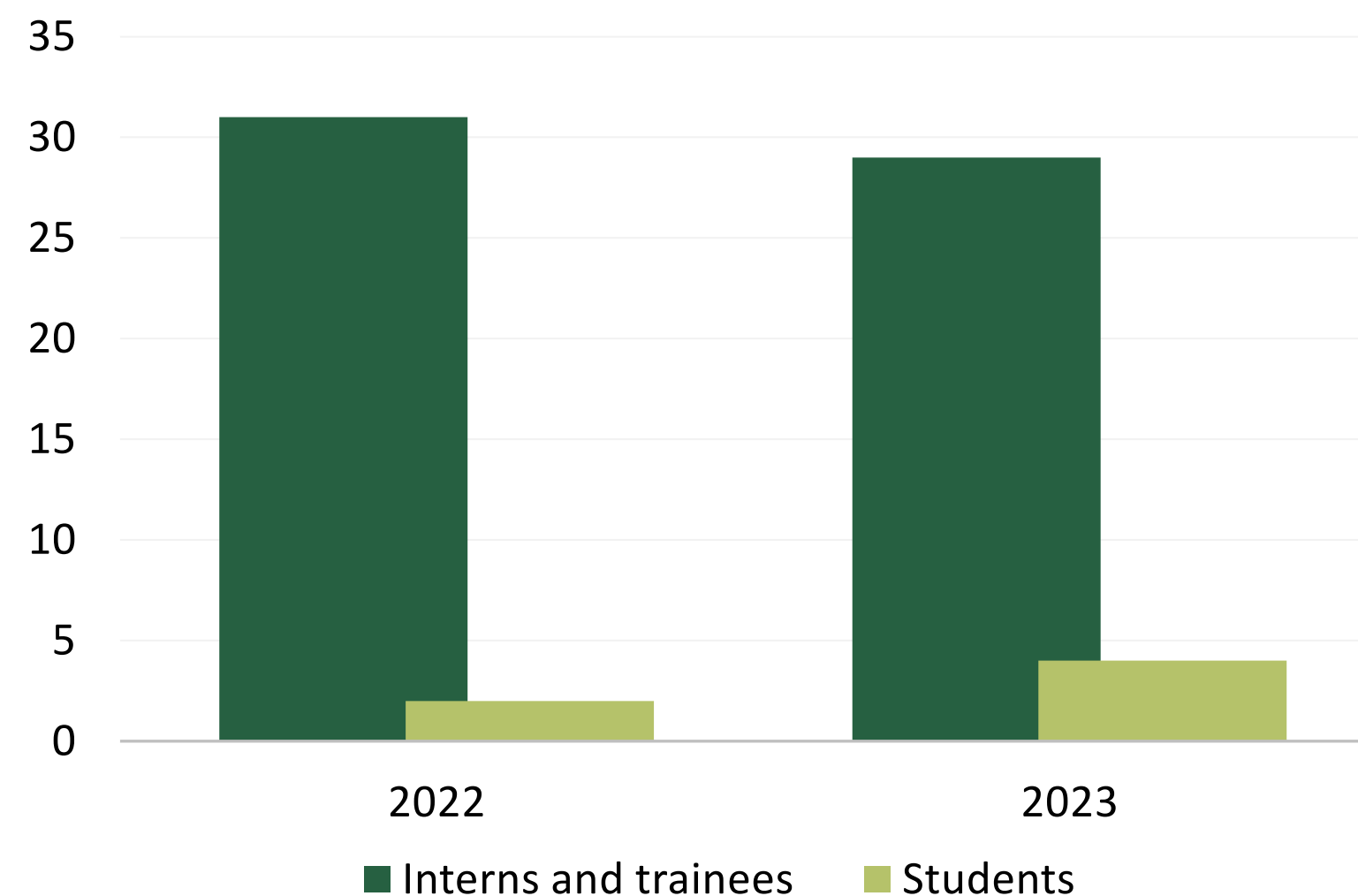
We have an onboarding and reboarding procedure in our organization, which is aimed at effective transfer and updating of knowledge in force in the organization, not only for newly hired employees, but also for those returning after a long absence. During the entire process, the effect of the employee's adaptation to the workplace is monitored.



# We support the young generation of future employees

Phytopharm Kłęka S.A. actively organizes internships and apprenticeships for students and high school graduates. These programs offer participants valuable work experience and the opportunity to develop in a dynamic and innovative environment. Interns and apprentices have the opportunity to work on real projects, gaining practical skills and knowledge that are crucial in today's labor market. In addition, our company supports vocational school students by hiring them for practical vocational training. This allows young people to gain the necessary practical experience in their field, which provides a solid foundation for their future careers. We enable them to learn under the guidance of experienced professionals, which not only improves their qualifications, but also increases their chances of employment after graduation.

Our education and apprenticeship initiatives, aim to support young talent and contribute to the to the development of local communities.





# We act for the benefit of the local community



### TSO

Phytopharm Klęka has a Volunteer Fire Brigade (TSO), most of whose members are our employees. Thanks to their commitment and professionalism, the TSO effectively supports the local community in crisis situations. Our company subsidizes the activities of the TSO, providing funds for the necessary equipment, training and supplies, which enables the firefighters to perform their duties even better and raise the level of safety



### GTS Phytopharm

Since 1982, we have been the title sponsor of the Phytopharm Municipal Sports Society. Thanks to our cooperation, GTS Phytopharm is able to offer a wide range of sports activities for children, young people and adults, promoting a healthy lifestyle and community integration. We also engage in the organization of tournaments and competitions, which not only raise the sports level of participants, but also strengthen interpersonal ties and build team spirit



### Cycling club GTS Phytopharm MTB

Phytopharm Klęka actively supports the development of cycling and cycling tourism by organizing and co-organizing cycling rallies and competitions, both for its employees and for the general public. Our team of cyclists regularly participates in competitions, achieving excellent results and often taking the top places on the podium



### Education

Phytopharm Klęka is involved in the in the development of the local community through various educational initiatives. We recognize and reward the best students of nearby schools by offering them a unique reward in the form of a week-long paid internship. This is not only an opportunity to gain valuable work experience, but also a form of recognition of their efforts and achievements. We regularly participate in end-of-school-year ceremonies, where we can personally congratulate students on their successes and motivate them for further development



## Charitable activities



- ✓ Every year around December, our Ambassadors organize a charity collection for the orphanage in Gora and the animal shelter in Radlin. Thanks to the generosity and commitment of our employees, we are able to support these places on a regular basis, providing them with necessary resources and daily necessities.
- ✓ On March 17, 2023, at the Gala of the 19th edition of the "Ambassador of Średzkie County" competition, we received an award for community service for our generosity and commitment to organizing aid for the citizens of war-stricken Ukraine.
- ✓ Every year our company supports in-kind actions organized by the local community, Community Cultural Centers, Fire Department, nearby kindergartens and schools.
- ✓ We actively support medical organizations and institutions, such as the Amazon Association, the Sroda Hospital, the Children's Hospital in Krakow and the Piotr Króla Hospice in Sroda Wielkopolska.

Our support ranges from financial assistance to in-kind donations and cooperation in organizing events and health campaigns.



\*Phytopharm Klęka OTC medicines (slide 20).

**Biostimine**, 1 ml, oral liquid. **Active substance and dosage:** 1 ml of liquid contains 1 ml of liquid extract of fresh leaves of tree aloe (*Aloe arborescens folii recentis extractum*; DER 1:4). Extraction solvent: water. Excipients: none. **Pharmaceutical form:** oral liquid. **Indications for use:** traditionally for use in upper respiratory tract infections of bacterial and viral origin. As an auxiliary in recurrent upper respiratory tract infections and other immunocompromised conditions diagnosed by a doctor, after consultation with a doctor. The medicinal product is indicated for use in adults, adolescents and children over 5 years of age. **Entity responsible:** Phytopharm Klęka S.A., Klęka 1, 63-040 Nowe Miasto nad Warta, Poland.  
**BIO/7/2024/1**

This is a medication. For your safety, use it according to the package insert and only when necessary. If in doubt, consult your doctor or pharmacist.

**Bioaron® SYSTEM** - syrup. 5 ml of the drug (single dose) contains 1920 mg of liquid extract of fresh leaves of tree aloe (*Aloe arborescentis recentis extractum fluidum*; DER 1:4, extractant water) and 51 mg of vitamin C (*Acidum ascorbicum*). **Indications:** the drug is intended for auxiliary use in the prevention and treatment of upper respiratory tract infections of various etiologies and auxiliary use in lack of appetite. **Entity responsible:** Phytopharm Klęka S.A., Klęka 1, 63-040 Nowe Miasto nad Warta.  
**BS/07/2024/10**

This is a medication. For your safety, use it according to the package insert and only when necessary. If in doubt, consult your doctor or pharmacist.

**Fiordatussi**, 30 mg/ml, syrup. **Active substance and dosage:** each ml of syrup (equivalent to 1.2 g) contains 30 mg of extract (as dry extract) of *Plantago lanceolata* L., folium (plantain leaf) (3-5:1), extraction solvent: ethanol 20% (m/m). Excipient of known effect: liquid maltitol; 10 ml of syrup contains up to 6.6 g of maltitol. **Pharmaceutical form:** Syrup. **Indications for use:** Syrup Fiordatussi is a traditional herbal medicinal product used as a soothing agent in the symptomatic treatment of irritation of the mouth and throat and associated dry cough. Traditional herbal medicinal product for use for specific indications, which are based solely on long-term use. Fiordatussi Syrup is intended for adults, adolescents and children over 3 years of age. **Entity responsible:** Phytopharm Klęka S.A., Klęka 1, 63-040 Nowe Miasto nad Warta, Poland.  
**FT/07/2024/1**

Traditional herbal medicinal product with specific indications based solely on long-term use

This is a drug. For safety, use it according to the package insert. Do not exceed the maximum dose of the drug. If in doubt, consult your doctor or pharmacist.

**Dentosept**, 4.55 g/5 ml, concentrate for the preparation of a solution for use in the oral cavity. **Active substance and dosage:** 1 ml of the drug contains 0.91 g of a liquid extract composed (0.65:1) of: chamomile basket (*Matricaria recutita* L.), oak bark (*Quercus* spp.), sage leaf (*Salvia officinalis* L.), *arnica* herb (*Arnica* spp.), *calamus* rhizome (*Acorus calamus* L.), peppermint herb (*Mentha piperita* L.), thyme herb (*Thymus* spp.) (2/2/2/1/1/1/1); extraction solvent: ethanol 70% (V/V). Ethanol content 60-70% (V/V). **Pharmaceutical form:** Concentrate for preparation of oral solution. **Indications** for use: Traditional herbal medicine intended for use in persons over 6 years of age as an anti-inflammatory, antibacterial, antiseptic and astringent, in: inflammation of the mucous membrane of the mouth and throat; gingivitis and stomatitis (including inflammation of the tongue); superficial periodontitis; susceptibility to bleeding gums; auxiliary in parodontosis. A traditional herbal medicinal product intended for use for specific indications arising only from its long term use. **Entity responsible:** Phytopharm Klęka S.A., Klęka 1,63-040 Nowe Miasto nad Warta, Poland.  
**DEN/7/2024/1**

A traditional herbal medicinal product with specific indications based solely on long-term use.

This is a drug. For safety, use it according to the package insert. Do not exceed the maximum dose of the drug. If in doubt, consult your doctor or pharmacist.

**Bronchosol**, (218.0 mg + 0.989 mg)/ 5 ml, syrup. **Active substance and dosage:** 5 ml of syrup contains: 218 mg of a complex thick extract (3:1) of thyme herb *Thymus vulgaris* (L) (*Thymus zygis* (L)) and primrose root *Primula veris* (L) (*Primula elatior* (L)) (7.6/1), (*Extractum compositum spissum ex: Thymi herba et Primulae radice*), extraction solvent: water, and 0.989 mg of thymol (*Thymolum*). Excipients of known effect: sucrose, ethanol. 1 ml of syrup contains up to 845 mg of sucrose. The product contains no more than 0.5% (m/m) ethanol. **Pharmaceutical form:** Syrup. **Indications for use:** Bronchosol syrup is a herbal medicine used traditionally and its efficacy is based solely on experience from a long period of use of the drug. Traditionally in cough and difficult expectoration in the course of upper respiratory tract infections. Bronchosol is indicated for use in adults, adolescents and children over 4 years of age. **Entity responsible:** Phytopharm Klęka S.A., Klęka 1, 63-040 Nowe Miasto nad Warta, Poland.  
**BRO/07/2024/02**

This is a medication. For your safety, use it according to the package insert and only when necessary. If in doubt, consult your doctor or pharmacist.



**Phytopharm Klęka S.A.**

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