



*Corporate Social  
Responsibility Report 2010*

**Grindex**

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Nowadays the society expects from the business that it, making a profit and increasing its competitiveness, meanwhile will promote sustainable economic, environmental and social development. "Grindeks" is a socially responsible company, which mission is based on care about the public health, employee motivation and welfare of its shareholders. We are innovation based and environmentally friendly company.

"Grindeks" as a socially responsible company publishes Corporate Social Responsibility Report for 2010 to help the different stakeholders of the company to learn more about "Grindeks" activity, creating lasting solutions to public health. The Report informs on the socially responsible business and sustainable development. It describes issues that are essential to the company and to the pharmaceutical industry as a whole. Preparing the Report, internationally recognized guidelines were used.

The Report is submitted to the Stock Exchange "NASDAQ OMX Riga" simultaneously with the Annual Report of "Grindeks" for 2010 and is published on the websites [www.nasdaqomxbaltic.com](http://www.nasdaqomxbaltic.com) and [www.grindeks.lv](http://www.grindeks.lv).

A handwritten signature in black ink, appearing to read 'Lipmans'.

Kirovs Lipmans  
Chairman of the Council

A handwritten signature in black ink, appearing to read 'Romanovskis'.

Janis Romanovskis  
Chairman of the Board

# Profile and Strategy



“Grindeks” was founded in 1946. The company continues to develop and takes the position of the leading pharmaceutical company in the Baltic states. The main fields of action of “Grindeks” are: research, development, manufacturing and sale of original products, generics and active pharmaceutical ingredients. “Grindeks” specializes in the heart and cardiovascular, CNS and anti-cancer medication therapeutic groups.

The Group of “Grindeks” consists of four subsidiary companies in Latvia, Estonia and Russia, as well as representative offices in ten countries. In 2010, the total number of employees in the company, together with the representative offices and the subsidiaries was 900.

In Latvia “Grindeks” has always been a driving force in its sector – with a highly skilled workforce, a strong link with science, high standards of quality and responsible attitude towards environment and society as a whole.

The operating strategy of “Grindeks” is firmly based on its mission to care for human health, employees` interests and shareholders` wealth, as well as to base on innovation and to be environmentally friendly company. The business philosophy of “Grindeks” is closely connected also with the company's four key values – quality, stability, innovation and employees. It stimulates the business growth, promotes competitiveness and develops the internal culture of the company.

## Strategic priorities

Manufacturing is one of the company's strategic priorities for action, therefore to ensure high production efficiency, “Grindeks” continuously improves its production infrastructure and introduces the newest technologies. “Grindeks” cares so that, increasing the production capacity, it would not only ensure the company's growth of the turnover, but also would effectively care for the environment.

One of “Grindeks” strategic priorities for action is a permanent improvement of the product portfolio. “Grindeks” follows the development trends of the pharmaceutical market and actively responds to the consumer needs, offering the necessary medications.

To increase “Grindeks” sales of medications, the company continuously develops a targeted marketing agency network and focuses its activities both in the existing markets and new, perspective markets. “Grindeks” purposefully works on the pharmaceutical Group's expansion and on the improvement of its action.

## Company's sustainable development

To "Grindeks" dialogue with stakeholders is important. This helps to understand the different expectations, opportunities to cooperate with the stakeholders, and to integrate the acquired knowledge in the company's strategy. "Grindeks" regularly evaluates and analyzes the stakeholder needs and their relationship with the company's business objectives and strategy in order to address issues that may have a significant impact on the company's performance.

## Contribution to sustainability of society

The annual audited financial statements of "Grindeks" for the year 2010 – the Group's turnover was 65.1 million lats, and the net profit was 7.1 million lats. Production and sales amounts provide that "Grindeks" takes a stable, high position among the companies with the biggest export potential in Latvia. "Grindeks" takes care not only about the good business performance, but like other socially responsible companies in the world, in addition to its business development allocates funds to the sustainability of the society. "Grindeks" annually supports health promotion activities, education, informs school students about the natural sciences` importance and enhances the scientific research. In dialogue with the society, the company increases its own quality and environmental protection standards. "Grindeks" business development goes hand in hand with corporate social responsibility. "Grindeks" sponsorship and support is focused on activities that promote the formation of educated, healthy and cultural society.

## Corporate social responsibility

The implemented corporate social responsibility activities of "Grindeks" are focused mainly on:

- the local society;
- the environment;
- the employees;
- the company's sustainable development.

Every year "Grindeks" supports health promotion activities, stimulates the growth of education, introduces school students to the natural sciences` importance and contributes to the scientific innovation, at the same time increases the company's quality and environmental protection standards, promoting two-way dialogue with the society.

Each year the company carries out significant investments in the development of manufacturing technologies and infrastructure, in the high quality assurance of medications and substances, as well as in the environmental protection, public health and safety at work. It demonstrates the company's confidence in the chemical industry's global voluntary initiative "Responsible Care", and the UN "Global Compact" objectives. Taking strategic decisions, "Grindeks" evaluates their potential impact on the environment.

In "Grindeks", the sustainable development and corporate social responsibility are included in the job responsibilities of the Heads of the Communications Department, the Personnel Department and the Quality Management System, as well as the Quality Director. Adopting important decisions, the company's impact on the society, employees, suppliers, subcontractors, customers, consumers, environment and economics is taken into account.

# Collaboration and Partnership



## Company listed on Stock Exchange

Since 2 January 2006 "Grindeks" shares are listed on the Official List of "NASDAQ OMX Riga" stock exchange. From 1 June 1998 to 1 January 2006 the company was on the Second List.

One of the most important operational factors of "Grindeks" are the clearly set management principles that help to achieve short and long term goals. "Grindeks" is one of the best examples of corporate governance and good practice in Latvia.

"Grindeks" is conducted by the General Meeting of Shareholders, the Council and the Board. Constructive cooperation between the shareholders and the company's management enables to organize the multidimensional pharmaceutical company business efficiently and mitigate potential risks. In order to stimulate product sales and reduce the company's operating risks, the company continually works to strengthen the existing and to develop new markets, and purposefully diversifies its operations. "Grindeks" is a responsible company that operates transparently – it is reflected in the company's "Corporate Governance Report 2010".

For the third year in a row, "Grindeks" was named the best listed company on the Baltic stock exchange from Latvia and won the "Baltic Corporate Excellence Award 2010". In the pan-Baltic rating, which ranked 36 companies, "Grindeks" was recognized as the fourth-best company this year. "Grindeks" received the high evaluation for the previous business achievements and capability to hold its position of the leading pharmaceutical company in the Baltic states. The experts had also noted the orientation of "Grindeks" business activities towards the major shareholders, the strong product brand Mildronate® and the successful geographical diversification. To keep the honour of the best listed company on the Baltic stock exchanges from Latvia for the third year also helped such corporate quality criteria as business model, transparency and corporate governance that turn "Grindeks" into an attractive investment object.

Also for the third year in a row, in the annual "Baltic Market Awards" ceremony of the stock exchange, "Grindeks" was again awarded for the Best Investor Relations Online in the Baltics in 2010 and "Grindeks" became also the best company in terms of the Best Investor Relations in "NASDAQ OMX Riga" in 2010. The members of the Evaluation Committee of "Baltic Market Awards" consisted of academics, investors, finance analysts, representatives from media and the Baltic stock exchanges.

All the information, published on the stock exchange, can be found on the website of "Grindeks" [www.grindeks.lv](http://www.grindeks.lv) under the section "For investors".

## Integrated Management System

Every business depends on customers and understanding of their needs, therefore, by introducing an integrated management system, the orientation of "Grindeks" towards the customer has become even more targeted. The company and partners are interdependent and mutually advantageous relations

raise the additional added value. The integrated management system gives an opportunity to fundamentally link good management practice to good practice in any major field of the company. Integrated, systematic approach organizes and facilitates all of the company's business processes and makes them more effective. This, in turn, enhances collaboration with suppliers, promotes reliability.

Regular business self-assessment stimulates consistency of the internal functioning, reduces errors, thereby optimizing costs, and improves business competitiveness and profitability. The Integrated Management System is a way, how "Grindeks" works and manages its business. It is a tool, how to integrate and implement successful and efficient process and action management. Continuous improvement of activities has become a driving force of development of "Grindeks" and long-term goal.

## International cooperation

International activities of "Grindeks" develop in both fields: manufacturing and trade. "Grindeks" is a highly export-oriented manufacturing pharmaceutical company. Total exports account for 95%. "Grindeks" exports its products to 50 countries. The main markets for the products of "Grindeks" are: Russia and other CIS countries, the Baltic states, Germany and the Netherlands.

To assess and to respectively improve its activities, "Grindeks" annually carries out customer satisfaction survey in key business areas – in the business of final dosage forms and active pharmaceutical ingredients.

"Grindeks" is a flexible company that is adapting to changing market conditions, choosing to work with reliable business partners in each market. To achieve successful financial management objectives, the company carries out production and resource optimization, reducing costs and concentrating production capacity, as well as purposefully supplementing the range of the offered products. Each year "Grindeks" introduces at least four new products. To effectively charge the available production capacity, "Grindeks" also offers manufacturing services to other companies.

"Grindeks" focuses to its key business areas, therefore the company uses outsourcing services for the various functions. Evaluating the business processes, "Grindeks" transfers its functions, which require large investments or specific knowledge, to the outsourcing provider. Thus the company focuses the financial and human resources to the development and competitiveness in strategically important areas of the long-term. "Grindeks" successfully cooperates with both, the Latvian scientists and research institutes, and foreign pharmaceutical companies in the implementation of different research projects that promote research and development of new substances.

## Membership in organizations

In 2010, "Grindeks" continued active participation in several associations and non-governmental organizations and contributed to the dialogue between state institutions and enterprises, and participated in the trilateral talks among the government, employers and employees.

"Grindeks" is an active member and supporter of numerous organizations – Pharmacists Society of Latvia, Association of the Latvian Chemical and Pharmaceutical Industry, Employers` Confederation of Latvia, Latvian Chamber of Commerce and Industry, Latvian Quality Association.

On the international level, "Grindeks" is the member of "UN Global Compact", the participant of the Global Compact Local Network in Latvia, each year the company publishes its Communication on Progress. "Grindeks" is also the member and supporter of the Latvian Chamber of Commerce in Lithuania, as well as the partner of the Global Chemical Industry Program "Responsible Care". In 2009, "Grindeks" continued the membership at Latvian Biotechnology Association, which gives the opportunity to our company to follow all the current events of the field, take part in promotion and development of the industry, as well as to find ideas for perspective projects in biotechnologies.



# Safety, Quality and Environment



“Grindeks” follows the “UN Global Compact” principles – businesses should support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and to encourage the development and diffusion of environmentally friendly technologies.

## Quality and Safety

The pharmaceutical production is one of the most responsible fields of manufacturing, as it relates to human life and health, therefore the pharmaceutical industry is faced with particularly high quality requirements. “Grindeks” is certified and operates under the Good Manufacturing Practice (GMP) standard. The introduced Good Manufacturing Practice guarantees that “Grindeks” works according to the European Union’s and the world’s requirements, producing high quality, safe and effective medications.

In 2007, an Active pharmaceutical ingredients scale-up laboratory was opened, which is the first laboratory in the Baltics, which received the international Good Laboratory Practice certificate. It proves that the organization of work in the laboratory meets the highest standards of laboratories worldwide. The active pharmaceutical ingredient research takes place under the requirements of the Current Good Manufacturing Practice (CGMP) and the specific customer requirements.

The production plants of “Grindeks” have been audited by both, the partners and the pharmaceutical inspections of the entire world, recognizing the compliance with international quality standards. In 2010, “Grindeks” successfully passed 29 significant inspections and audits by Latvian and foreign state agencies of medicine and supervisory bodies of food supplement manufacturers, clients and institutions of environmental protection. In its turn, the employees from “Grindeks” audited and 33 upstream suppliers in Italy, Germany, India and other countries, contract-manufacturers and potential cooperation organizations.

## Pharmacovigilance

With its responsibility towards its products and the health of the consumers JSC “Grindeks” continues to develop its Pharmacovigilance system in all sales markets. For the purpose of elimination of potential risks and health hazards, data on the effects of the medications are being summarised, investigated and evaluated and the information about medication side-effects and interactions with other medications is being gathered.

To ensure the control of safe use of medications, there is a Pharmacovigilance Group at the company, which key task is to state and timely eliminate adverse/side effects from the use of medications and to report to the competent authorities.

The analysis of the reports and their further submission to the competent authorities are carried out in accordance with the relevant guidelines and the pharmaceutical company practices. “Grindeks” is involved in the electronic reporting system EudraVigilance which is also the main European Risk

Management Strategy support between the EMEA (European Medicines Agency) and the competent national authorities.

On the "Grindeks" web site [www.grindeks.lv](http://www.grindeks.lv) there is a permanent section "Monitoring of Side Effects." The company also has set up a section "Health School" on the website, in which the company offers information on various health topics, diagnosis and the symptoms, possible solutions for health strengthening and recovery, as well as useful tips.

## Quality and Environmental Management

According to the international and Latvian standards LVS EN ISO 9001:2008 and LVS EN ISO 14001:2004, "Grindeks" has introduced the Integrated Quality and Environmental Management System that covers all the operational areas of "Grindeks". That allows continuous improvement of business processes, providing our customers and consumers with high-quality and safe products, and regular update and improvement of the product portfolio. This Management foresees a systematic research of new products and markets and development of medications; in its turn, the research of the customer satisfaction and the service are essential for the increase of sales volume and as the means of obtaining feedback from the customers.

Quality Director of "Grindeks" is responsible for the implementation and maintenance of the Latvian and international LVS EN ISO 14001:2004. In its turn, the Head of the Quality Management System Division is responsible for the implementation and maintenance the Latvian and international standard LVS EN ISO 9001:2008 implementation and maintenance. They are obliged to:

- provide development, implementation and maintenance of the Integrated Quality and Environmental Management System;
- provide regular reports on the execution and performance improvement needs for the Quality and Environmental Management System.

The Quality, Safety and Environmental Policy of "Grindeks" confirms the safety and quality of its produced products, as well as the quality of the provided services. Research, development, manufacture and sales of active pharmaceutical ingredients and final dosage forms of "Grindeks" are organized so as to ensure quality and safety of products, as well as sparing effect on the environment. The ground rules of the Quality, Safety and Environmental Policy of "Grindeks":

- Concerted actions by:
  - expectations of shareholders and employees;
  - expectations and satisfaction of customers;
  - laws and regulations and other requirements.
- Good practice principles and continuous monitoring of their execution.
- Ongoing operational improvements in:
  - Labour Protection System;
  - Quality Management System according to LVS EN ISO 9001:2008 standard;
  - Environmental Management System according to LVS EN ISO 14001:2004 standard.
- Continuous environmental impact reduction of production, products and services.

The Quality, Safety and Environmental Policy issues are regularly reviewed during the company's Board and management meetings with the purpose to develop it, taking into account the market changes and customer expectations. The Quality, Safety and Environmental Policy is explained to all employees of the company. The company holds regular staff training, building a high level of environmental awareness.

Employees' work safety and continued work at the risk evaluation and reduction is one of the key business priorities of the company. "Grindeks" systematically carries out an environmental impact assessment, and the Division of Quality analyses monitoring indicators on a regular basis.

## Environmental Protection System

"Grindeks" monitors the impact on environment in the entire life cycle of its products – in research, development, production and sales, and invests more and more finances in the development and improvement of the production infrastructure. Development projects are designed to maximize environmental conservation and pollution prevention.

"Grindeks" is the "green thinking" company that in the created Environmental Protection System continuously seeks solutions for saving environmental resources. The company carries out regular environmental protection measures on the bases of environmental impact assessment and monitoring results.

The component of the company's Environmental Protection Policy or the operating framework is the following action implementation:

- environmentally friendly product purchase;
- reduction of energy consumption;
- waste reduction;
- reduction of water consumption;
- reduction of emissions into workplace environment air and atmosphere;
- reduction of raw material consumption per unit of product;
- reduction of product impact on the environment, improving product, its production and the innovation process.

"Grindeks" as the chemical manufacturer implements the responsible environmental policy for the long-term and systematic work on environmental protection. According to the Cabinet of Ministers of the Republic of Latvia regulations No.294 of 9 July 2002 "On the declaration of A, B and C categories` polluting activities and on the procedure of giving authorizations of A and B category" (with amendments), on 1 November 2007 the State Environmental Service's Lielriga Regional Environmental Board issued "Grindeks" a Class A License for the existing polluting activities.

## Environmentally friendly product purchase

Therapeutic substances and medications usually cannot be made from environmentally friendly products, and complex chemical products can be obtained only from other simpler chemical products. The company tests and evaluates the most environmentally friendly technologies and raw materials, and, if it is possible to get good quality medications using them, then environmentally friendly products are purchased, such as environmentally friendly solvents (water, alcohol, etc.), water-soluble and natural vegetable dyes, etc.

## Reduction of energy consumption

"Grindeks" is proud for its achievements in reduction of energy consumption. The following actions have been taken: regulation of heat supply; replacement of old steam boiler and of ventilation equipment to more modern equipment; heat and thermal insulation of buildings and equipment; different organizational arrangements that allow to operate the equipment more efficiently, etc. "Grindeks", improving existing and constructing new production sites, before starting a design and construction, especially evaluates and chooses the most optimal option of the planned heating, hot water and steam cooling systems. The recuperation is widely used – the released heat is used again for the space and equipment heating system. All of the ventilation equipment of the company is gradually replaced to less energy-intensive systems. Use of the artesian water for cooling the industrial equipment, introduced in 2010, saves energy for the company, as well as previously used drinking water consumption.

## Waste reduction

Waste reduction measures in "Grindeks" are taken by using the EU recommended best available techniques, the most significant of which is in the reaction outcome increase of processes and thereby waste reduction.

One such technique is the recovery of the used solvents and the valid component extraction from the liquid waste. Through small steps in the production of each product, significant results are achieved. Waste, created in the production processes, is collected in groups; hazardous waste is transferred to licensed disposal organizations, less hazardous – biologically cleaned in the wastewater treatment plant or regenerated as much as possible. “Grindeks” is the partner of the Green Dot of Latvia, JSC “BAO” and other waste management organizations.

## **Reduction of water consumption**

Significant results are achieved in water consumption reduction in “Grindeks”. According to the company's environmental plan, in 2010 a modern biological sewage purification plant was opened, in which wastewater of the company's plants are purified in the environmentally friendly manner. Thus “Grindeks” no longer uses chemical and energy-intensive treatment types – wastewater dilution with water, to reduce concentration of chemical substances to the standards set by law.

The concept of the industrial wastewater treatment plant is currently one of the most modern concepts confirming that pharmaceutical industry and development of the company is consistent with careful attitude towards the nature. The technologically modern wastewater plant is a purposefully planned investment project, so that upon increasing production capacities we could not only ensure the growth of the turnover of “Grindeks”, but also efficiently take care of the environmental protection. Construction of the “Grindeks” industrial wastewater treatment plant was implemented within two years. New, closed-type purification systems not only ensure the removal of pollution from wastewater, but also help to eliminate the spreading of the smells characteristic to such systems. A laboratory is also established in the purification plant where the wastewater analyses and the result monitoring are made.

“Green Thinking” and environmental initiatives provide business opportunities – in the future, “Grindeks” plans to develop and expand sewage research in the laboratory of the wastewater treatment plant, as well as to provide sewage purification modelling services to other industrial companies.

In 2010 “Grindeks” artesian water collection and treatment facilities were launched, and with that the drinking water is no longer used for the technical needs, used to use mainly in the chemical plant for cooling the equipment. In this system, the water is returned to the pool, chilled and re-used.

## **Reduction of emissions into workplace environment air and atmosphere**

“Grindeks” takes measures to reduce emissions into the air of the workplace environment, as well as in the atmosphere. In the company, the replacement of ozone depleting refrigerants in the refrigeration equipment is carried out. Production technologies are being redesigned so as not to use ozone-depleting solvents (carbon tetrachloride, chloroform) in the manufacturing and to make a significant reduction of other environmentally unfavourable solvents. Closed equipment prevents release of dust into the atmosphere; on the equipment and possible emission sources, dust filters are installed, receivers of acid gases and solvent vapour. These receivers also prevent odours from spreading. Even the wastewater treatment takes place in closed containers and all the emissions from the treatment plant are absorbed, so the open-treatment plant characteristic odour is not felt.

## **Reduction raw material consumption of per unit of product**

To minimize consumption of raw material per unit of product in the production process, “Grindeks” makes substantial waste reduction measures. Particularly effective is solvent – which have the greatest impact on the environment – multiple use after regeneration. There are production sites, where the ratio of the fresh and the regenerated solvent, used in the process, is from 1:5 to 1:20.

There is a permanent environmental issues section on the web site of “Grindeks” [www.grindeks.lv](http://www.grindeks.lv) called “Environment. Quality. Safety.” Similarly, the publicly available information related to the environment protection, the company includes in the Annual Reports.

# *"Grindeks" and Society*



"Grindeks" is a reliable social partner, supporting the development of educated, healthy and cultural society. The management of the company believes that the society is entitled to expect support from the successful, financially stable and positively oriented companies, and this position is one of the basic concepts of the development of "Grindeks".

In addition to its business development, "Grindeks" has always invested considerable resources in support for science and education, medicine and pharmacy-related conferences and publishing of industry related literature. The company sponsors various charities, including some sport projects. It actively cooperates with educational institutions, explaining the educational and career opportunities in the chemical and pharmaceutical industry.

"Grindeks" regularly engages in social activities and actively informs the public about company's news – medications, achievements, performance etc. "Grindeks" representatives regularly participate in important industry events, the company's expert opinion is required in very different issues, not only related to the pharmaceutical industry. It helps to get feedback and promote dialogue with the important target audiences.

## **Sponsorship and Society Support Policy**

The company has developed a Sponsorship and Society Support Policy that determines evaluation criteria and procedures for sponsorship and support by "Grindeks". The aim of the Sponsorship and Society Support Policy is to promote the formation of educated, healthy and cultural society.

"Grindeks" major sponsorship and support areas are:

- promotion of medicine and health;
- education and science;
- culture and sport;
- charity.

According to the Sponsorship and Society Support Policy of the company, in 2010 "Grindeks" continued implementation of various social activities and supported projects both within the sector, and popularising a healthy lifestyle. "Grindeks" supported organization of Latvian Psychiatric Association's conference, a number of Latvian Pharmacist Society's conferences and workshops, a joint project "Patient's Diary" together with the Latvian Society of Cardiology. Ice hockey is one of the world's most popular sports, therefore "Grindeks", supporting the growth of this sport, has become a sponsor of the Latvian national ice hockey team. Thus, also the Latvian national ice hockey team brings name of "Grindeks" out to the world.

Also the employees of the company are regularly invited to participate in the society support programs of donation/charity, not related to the professional scope of activities. For example, at the end of 2010, employees of "Grindeks" donated to children clothes, toys, sweets, etc., joining the project "Palidzesim.lv", to give bring joy to 350 children and youngsters from low-income families.

### **"Grindeks" Foundation "For the Support of Science and Education"**

Purposefully unifying the education support projects, previously implemented by the company, with the aim to promote the professional growth and education in engineering, natural sciences and pharmaceutical industry, in February of 2006 "Grindeks" set up the Foundation "For the Support of Science and Education". This is one of the biggest private foundations in Latvia, which supports the new natural sciences specialists, awards prizes and scholarships not only to students and scientists, but also to educational institutions and training staff.

"Grindeks" Foundation "For the Support of Science and Education" in cooperation with the Latvian Academy of Sciences in 2010 traditionally awarded the distinguished Latvian scientists and the best young scientists. In the prestigious nomination for the outstanding performance and lifetime achievement in science "Golden Owl" awards were presented to three remarkable Latvian scientists:

- Dr.habil.chem. Edvards Liepins for outstanding contribution to the nuclear magnetic resonance (NMR) method's development in Latvia;
- Dr.habil.phys. Ruvins Ferbers for the internationally significant contribution to the diatomic molecule studies by laser spectroscopy;
- Dr.habil.philol. Ilga Jansone for the contribution to the research of the Latvian linguistics history. Each winner also received a bonus in amount of 1200 LVL.

In the nomination "Silver Owl", awards were presented to four new, top scientists. Each winner also received a bonus in amount of 400 LVL.



### **Bonuses for teachers**

For a successful and regular training of future chemistry students, in 2010 "Grindeks" awarded three prizes to the chemistry and natural sciences secondary school teachers of Latvian schools from various cities and towns of Latvia. Premiums received the teacher Aija Vanaga from Bauska Secondary school No. 1, Tatjana Aniskovica from Riga Secondary school No. 10, in its turn, the chemistry teacher Agnese Svencicka from the National Gymnasium of Jelgava, received the special "Grindeks" award "New Talent".

This kind of awards “Grindeks” in cooperation with the Faculty of Materials Science and Applied Chemistry of Riga Technical University presents to the chemistry teachers since 1999. It acts as a kind of incentive – to prepare as many as possible and as best as possible chemistry and material science specialists, to create interest about natural sciences among pupils.

### Support for students

We help the most talented students, providing practice opportunities in the company and opportunities to develop scientific works on important topics for the company, as well as opportunities to work part time, which may be combined with studies, thus enhancing student practical skill development. In 2010, in the company almost 90 students went on practice.

### Investment in vocational guidance for youngsters

In 2010, the joint-stock company “Grindeks” launched a new project entitled “Profession Days for Pupils” with the aim to promote youngsters` interest in chemistry and career opportunities in the pharmaceutical sector. During the project, 28 students from 15 Latvian cities and country centers got to know with professions of the company, spending one day together with the specialist of the selected profession, getting to know her/his duties, as well as asking and receiving answers to interested questions.



Until 2009 “Grindeks” was actively involved in the “Shadow Days” and in other similar projects. However, given the nature of pharmaceutical production and the tight regulation, the company considered that the offer of “shadowing” various professionals on one particular day is inconvenient. So “Profession Days for Pupils” were created as an alternative, which is especially to careers in the chemical and pharmaceutical industry-oriented project within two months, during which opportunity to get acquainted with the work of the company “Grindeks” is given to about 30 young people. We will continue to implement this project in the future. During the year 2010, 664 pupils attended “Grindeks” on excursions.

### Contribution to industry specialist training

Chemical, pharmaceutical, biotechnology and environmental industry of Latvia has long felt the need for skilled specialists, therefore the employers are more actively helping to develop the vocational training content and quality, involving in the program transformation and elaboration of new programs.

„Grindeks” in cooperation with the Olaine Mechanics and Technology College, the Ministry of Education and Science and the State Employment Agency developed a number of retraining programs in chemical technology and biotechnology for unemployed. In 2010, “Grindeks” manufacturing units received a

valuable addition – the first 12 program graduates with the qualifications of “chemical process technician.” Training has already commenced the next group, and in the near future a group for training analytical chemistry technicians will be formed. These specialists will be able to work in both, the chemical and pharmaceutical, and cosmetics, food, and other sectors that require quality control functions.

Developed unemployed retraining programs are aimed at promoting employment and providing the industry with skilled workers.



## Communication

“Grindeks” appreciates the principle of openness and transparency, therefore, it develops extensive internal and external communication activities. For communication with audiences, the company uses integrated methods of communication, including advertising, public relations, event marketing, interactive communications, etc. At the same time, the company complies with the restrictions, which prohibit the advertising of prescription medicines to the broad audience.

“Grindeks” regularly participates in the social events and actively informs the society on the business news – medications, achievements, performance results, etc. This helps not only to increase the total turnover, but also to strengthen brand “Grindeks” and to promote public awareness of health issues. Product promotion activities in the market are complemented by informative and educational articles in specialized publications. Seminars are held for physicians and pharmacists, in which, clients of “Grindeks” can find product news, can obtain fresh information on the health sector in general and exchange views. Cooperation partners regularly receive informative issues on the company in electronic and paper format. To improve the company's operations, “Grindeks” encourages and receives feedback from stakeholders, including physicians, end users, etc. “Grindeks” as a socially active company actively speaks at conferences, and regularly receives visitors from foreign embassies, the existing and potential partners, as well as organizes excursions around the company to pupils and students of the sector, pharmacists and others interested.

Latest information on the company is regularly inserted on the web site of “Grindeks” [www.grindeks.lv](http://www.grindeks.lv), in which the information is posted in Latvian, Russian, English and Spanish.

“Grindeks” regularly carries out sociological studies to determine the society's attitude towards the company. Similarly, the company always responds to the society on the issues at stake - by phone or writing letters of response. Various questions about medications, shares etc. are often asked through the company's web site.

The company has introduced a computerized Document Management System that ensures compliance with legislation, the lifecycle and signing of electronic documents, the traceability of operations to a particular employee, the necessary validation process and the chance to determine each employee's role and responsibilities. The company has created an internal communications portal – Intranet.

# Work Environment



Professional employees, who use their knowledge and skills to achieve the set goals, are the main value and the factor to the company's success. "Grindeks" is aware that skills of the employees, their creativity, ability to create ideas and new products are the key factors to develop the business. Therefore "Grindeks" pays much attention to the work environment.

In its daily work, "Grindeks" undoubtedly observes internationally recognised human rights, respects the principle of equality of genders, religions, cultures, races and ethnical groups, freedom of speech, association and assembly. "Grindeks" recognizes employee collective bargaining rights. The company does not employ persons, who are under 18, and does not use compulsory or child labour.

In 2010, the overall average number of employees in the group of "Grindeks", which includes four subsidiary companies in Latvia, Estonia, Russia and representations in 10 countries, was 900. 660 of them worked in Latvia, abroad – 240. In 2010, 66% of all employees in Latvia were women, while, outside Latvia - 76%. In 2010, among the employees were: unemployed persons, graduates from the State Employment Agency retraining program, persons who had just completed a profession or while working continued to acquire a profession, staff, to whom remain less than 5 years up to retirement age, pregnant women, persons, who have at least two dependents.

## Occupational Safety and Health Protection

Issues on work environment and safety "Grindeks" solves methodically, and they are integrated into the work process. The company has established successful cooperation with several educational institutions, setting up training programs for youth that provide practical skills and prepare many professional and qualified workers.

Occupational safety issues in the JSC "Grindeks" are solved methodically and integrated in the work process. We have established successful cooperation with several education establishments, by creating training programmes for the youth that secure acquirement of the practical skills and prepare more professional and skilled young employees.

The company has a comprehensive Work Environment Risk Reduction System, involving the management and covering nearly all processes. Each employee of "Grindeks" is involved in the system of occupational safety and can report for improvements in the work environment and conditions. The company organizes the Healthy Work Environment Day, in which the company's board members, directors, department managers meet with their department staff to discuss work conditions, work environment risk reduction plans and priorities for work to be done.

In order to avoid impact of dangerous chemicals on workers, the documentary procedure of work environment risk evaluation is developed, which includes all of the results of the risk tracking and

recording, as well as occupational safety and health activities planning and their impact monitoring. Risk assessment includes all – over 500 job positions – both in the office, and mechanical workshops, but the most important risks are associated with the chemical and pharmaceutical production. The Environmental Monitoring Laboratory measures concentration of the chemical substances in the work environment air by carrying out workplace risk evaluation in production units and laboratories. According to the measurements, emissions are reduced; ventilation systems and air-flow in rooms are optimized, protective devices are selected – thereby reducing the risks in the workplace. Environmental Monitoring Laboratory, which has demonstrated their professionalism in interlaboratory testing, also participates in the safe technological process design.

At the end of 2009, the Business Continuity Management Process was implemented in “Grindeks”, which aim is to ensure safe and flexible business environment that is able to promptly and effectively respond in a case of a major incident. It promotes rapid operation restoration process and helps to protect assets and the company’s reputation. The process includes a rapid response plan, a crisis management and communication plan and recovery strategies. To ensure continuity of business operations, in 2009 the company introduced and approved the Crisis Management and Communication Plan. Its purpose is to ensure that crisis management is structured and transparent. The plan defines the problem areas, issues which may be confronted with a high probability.

Understanding attitude and support by “Grindeks” management together with the involvement of each employee is a guarantee that the result of Occupational Safety and Health (OSH) System will be continuous improvement that would promote safe and health-friendly workplace. It is one of the main conditions for the long-term development of “Grindeks”.

“Grindeks” has received notes of acknowledgements and awards for permanent and effective participation in the Latvian State Labour Inspectorate competitions; several times it has been nominated for the participation in competition of the European level.

In 2007, “Grindeks” received the European Good Practice Award in occupational safety for training young people about safety at work. In recent years, in the materials handed in for the competitions, the company has shared its expertise with others on how to evaluate and reduce occupational risk, including all departments and product life cycle, as well as for the complex approach in risk reduction, working with highly potent substances.

On the company’s website [www.grindeks.lv](http://www.grindeks.lv) in the section “Environment. Quality. Safety.”, it is possible to access the detailed material on Occupational Safety and Health System in “Grindeks”.

