

I N T E G R A T E D
A N N U A L R E P O R T

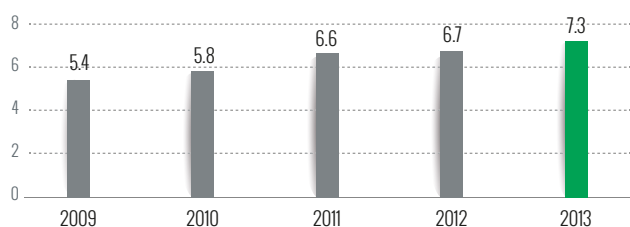
2013

B U S I N E S S I N M O T I O N

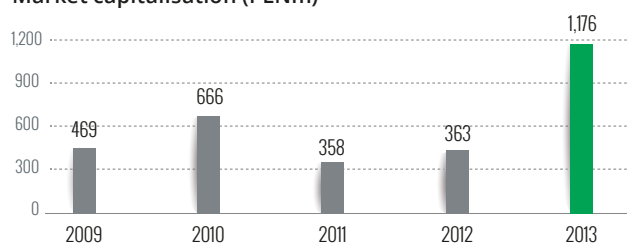


Financial highlights

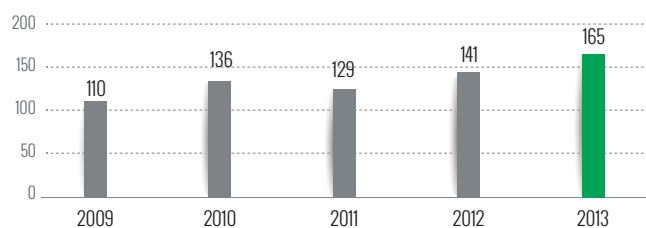
Revenue (PLNbn)



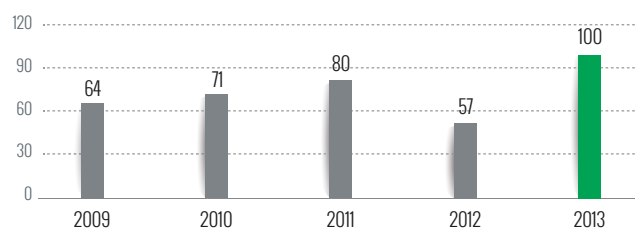
Market capitalisation (PLNm)



EBITDA* (PLNm)

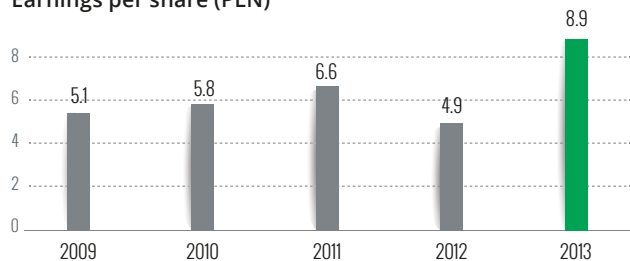


Net profit attributable to owners of the parent (PLNm)



*Net of gain/loss on disposal of non-current non-financial assets.

Earnings per share (PLN)



INCOME STATEMENT (HIGHLIGHTS)

	2009	2010	2011	2012	2013	CHANGE 2013/2012
Revenue (PLNm)	5,427.4	5,799.4	6,569.9	6,685.5	7,302.0	9.2%
Gross profit (PLNm)	693.9	754.4	797.6	827.4	836.4	1.1%
EBITDA (PLNm)	146.2	142.9	128.7	139.6	164.4	17.8%
Profit before tax (PLNm)	90.5	84.4	65.5	76.7	110.1	43.5%
Net profit attributable to owners of the parent (PLNm)	63.8	70.7	80.2	57.4	100.2	74.6%

BALANCE SHEET (HIGHLIGHTS)

	2009	2010	2011	2012	2013	CHANGE 2013/2012
Total assets (PLNm)	2,191.4	2,339.2	2,474.8	2,476.7	2,733.4	10.4%
Non-current assets (PLNm)	745.0	803.9	921.0	915.0	992.3	8.4%
Current assets (PLNm)	1,430.2	1,526.8	1,539.1	1,561.7	1,741.1	11.5%
Equity (PLNm)	412.3	466.1	540.3	541.1	593.9	9.8%
Liabilities and other equity and liabilities (PLNm)	1,779.1	1,873.1	1,934.5	1,935.7	2,139.5	10.5%

FINANCIAL RATIOS

	2009	2010	2011	2012	2013	CHANGE 2013/2012
Earnings per share (PLN)	5.1	5.8	6.6	4.9	8.9	82.0%
Return on assets (ROA) (%)	2.9	3.0	3.2	2.3	3.7	+ 1.4 pp
Return onequity (ROE) (%)	15.5	15.2	14.9	10.6	17.0	+ 6.4 pp
Net debt/EBITDA	2.6	3.2	2.6	1.7	1.5	- 0.2
Net debt/equity	0.9	1.0	0.6	0.5	0.4	- 0.1
Headcount (number of persons)	7,238	7,208	7,499	6,978	7,080	+ 102

Table of contents

4	ABOUT THE REPORT
5	LETTER FROM THE PRESIDENT OF THE PELION MANAGEMENT BOARD
7	MANAGEMENT BOARD OF PELION S.A.
9	PELION HEALTHCARE GROUP IN 2013
11	OUR BUSINESS
13	Value creation model
15	Organisational structure
17	Market environment
19	STRATEGIC OVERVIEW OF 2013 AND OUTLOOK ON THE FUTURE
21	2013 on the Warsaw Stock Exchange
23	2013 on the pharmaceutical market
27	Business lines
27	Wholesale
37	Hospital supplies
43	Retail
51	Services for Manufacturers
55	Other activities
61	Product life cycle at the Pelion Healthcare Group
63	'Dbam o Zdrowie' Foundation
67	'Łódź Maraton Dbam o Zdrowie' marathon
70	Dialogue with stakeholders
73	Natural environment
77	Awards
79	CORPORATE GOVERNANCE
85	ENHANCING HUMAN CAPITAL
99	FINANCIAL PERFORMANCE OF THE PELION GROUP
111	GRI CONTENT INDEX
119	CONTACT DETAILS

About the Report

The Pelion Healthcare Group's 2013 Annual Report is the Group's second consecutive report discussing the performance of the Group companies from the CSR perspective in a comprehensive manner. It is, however, the Group's first report to date that integrates CSR data with other sections of the annual report to present an even broader picture of how the Group companies manage their social impacts and build value through various areas of their business.

The reporting period is from January 1st to December 31st 2013, in line with the adopted annual reporting cycle. All data and information disclosed in this Report refer to the holding company Pelion S.A. and to the entities which are controlled or significantly influenced by Pelion S.A. in terms of their financial or operational policies and practices, and which have or may have a significant impact on the operations of the Pelion Healthcare Group companies, its stakeholders, and sustainable development. The reporting period saw no major changes in the degree and nature of the Group companies' impact on their environment, which could affect the comparability of the Group's performance in individual reporting periods or in relation to other entities. In addition to Pelion S.A., this Report covers companies operating in four business lines, that is: wholesale (the PGF Group), sales to hospitals (PGF Urtica Sp. z o.o.), retail sales in Poland and Lithuania (the CEPD Group), services for manufacturers (Pharmalink Sp. z o.o.), as well as support and other companies (BSS S.A., Eubioco S.A., Farm-Serwis Sp. z o.o., Daruma Sp. z o.o., Pharmena S.A., Pharmauto Sp. z o.o., ePRUF S.A., and others). Any other presentation format will be expressly indicated in each case.

In defining the content of this Report, the key objective was to demonstrate to investors how the Group companies build value over time, both to their own benefit and for their stakeholders, insofar as this contributes to creating value for the entire Pelion Healthcare Group. In this context, we focused specifically on presenting the business model adopted by the Group companies and on factors which determine their ability to build shared value. We described the nature of their relations with their operating environment, how they respond to the needs of stakeholders, and what forms of stakeholder dialogue they engage in. In discussing the strategy followed by the Pelion Healthcare Group companies, we went beyond the reporting period in order to outline, as far as possible, their key focus areas for the future. In an effort to cover all major factors potentially affecting the value creation process in a long term, we sought to present all information in the most succinct and precise manner possible, so as to facilitate comparison of the Company's performance over time and in relation to other entities.

Just as the previous report published in April 2013, this Report for 2013 was drawn up based on Global Reporting Initiative guidelines [3] at G+ level, and verified by an independent certified auditor. As this is only the second report of the Pelion Healthcare Group which offers a detailed discussion of CSR activities in the context of the Group's business, the information and indicators reported for 2013 cannot be compared against the Group's performance reported in periods earlier than 2011. We have only just begun developing the mechanisms, tools and culture of reporting non-financial data; therefore, not all of the reported GRI performance indicators are complete in terms of the scope of information and the entities covered. In line with the 2012 commitment to extend the scope of the reported CSR-related information, we are continuously fine-tuning our reporting processes, improving both the quality and scope of our disclosures. We have introduced new indicators, while certain other indicators cover more entities than in the previous year. In addition, this Report takes account of and presents data from the Lithuanian market to a greater extent than the last year's report.

We are taking this opportunity to thank all stakeholders that have contributed to the preparation of the Pelion Healthcare Group's 2013 Annual Report, including the supervisory bodies, top management and employees of the Group companies, who collected and analysed data on the Group's activities on an ongoing basis, as well as our trading and social partners whose feedback and opinions help us gain more insight into our business and improve management of the shared value creation process. Their involvement in the reporting process and the effective stakeholder dialogue help us better understand how our different business lines, their impact on the stakeholders, the nature of mutual relations, and the risks inherent in the decision-making process, are interrelated with the process of value creation over time at the Pelion Healthcare Group.

Any feedback and suggestions from our stakeholders which have contributed to this year's Report are highly appreciated.

We will welcome any comments and opinions regarding the content of this Report. Please send your feedback using the survey form available at www.pelion.eu/pl/ankieta.html. Information thus gained will help us respond more effectively to the information needs of our stakeholders in the future.

Reporting Team

Letter from the President of the Pelion Management Board



Jacek Sz wajcowski
President of the Pelion Management Board

**Ladies and Gentlemen,
Dear Shareholders, Customers and Colleagues,**

I present to you the Annual Report of the Pelion Healthcare Group detailing our performance on the healthcare market in 2013.

The past year was an important period for the Company, our Customers and our Shareholders. It brought reinforcement of our position on the healthcare market; however, we do not consider it satisfactory in terms of financial performance.

When in the early 1990s we decided to start a business in this highly promising and interesting (particularly in the long-term perspective) sector, it was in full awareness of the enormous responsibility this entailed. Working on this difficult and demanding market, which is to a considerable extent regulated, we would take part in developing mechanisms and solutions fostering health and safety of Polish patients. But most importantly, we knew that operations in this sector could be a source of tremendous satisfaction to us, as our activities would cater to the well-being of patients who need support.

Healthcare is one of civilisation's greatest challenges. We live in a world of constant change, and now we live longer, more active and more conscious lives than ever before. The astonishingly dynamic development of medicine and pharmacy creates opportunities and possibilities that we could hardly dream of until very recently.

Those developed countries which have reached a certain level of civilisational maturity are able to manage these advances wisely and in a socially-responsible manner to enable universal access to modern healthcare and thus improve the general quality of life. Combining sincere passion with a rational financial approach, we at the Pelion Healthcare Group have driven these changes with our ideas and actions for twenty-three years.

Today, I am proud to say that the Pelion Healthcare Group enjoys a strong position on the Polish and Lithuanian healthcare markets, strengthening it steadily through the trust placed in us by millions of customers who visit our pharmacies and thousands of pharmacists and pharmaceutical manufacturers with whom we collaborate.

Furthermore, I would like to stress that in the years ahead the Pelion Healthcare Group intends to pursue its strategy with pride, responsibility and perseverance, consistently building its competitive advantage on the healthcare market.

Changes in the legal framework resulting from regulations enacted in January 2012 had a severe impact on the condition of the pharmaceutical distribution market in 2013. The direct ramifications of these changes include a sharp decline in sales of reimbursable drugs and a concurrent steep rise in sales of non-reimbursable and OTC drugs; distributor margins that are worryingly narrow and drug prices that are among the lowest in Europe (which is a paradox considering that in Poland patient cost-sharing in healthcare is the highest); and unforeseen struggle of the private sector to build a modern, efficient and comprehensive pharmaceutical care system, which would support the government in its healthcare education mission but also (and perhaps even more importantly) in rationalising its healthcare spending. Instead of opening the industry to technology-based innovative solutions, the regulatory changes from two years ago, by delivering a blow to innovation, took the industry back to the 19th century.

The tough conditions on the healthcare market in Poland prompted us to look for even more effective ways to streamline our operations and for growth opportunities in new segments and markets. In 2013, we were focused on refining our management processes and maximising synergies among the Pelion Healthcare Group's four business lines. With our customers and their growing expectations in mind, we implemented innovative technological solutions and improved the existing ones, as demonstrated by www.doz.pl – Poland's largest health website.

We believe that undertaking specific measures to improve the standards of healthcare and the quality of life is an objective stemming from the principles of social responsibility. For this reason, we continue the 'Dbam o Zdrowie' Foundation's projects aimed to remove the barriers in access to medication. We take care to cultivate the traditions and values of Polish pharmacy by sponsoring Pharmacy Museums in Łódź and Lublin and by publishing monographs on the history of the oldest pharmacies in Poland. We continue to promote healthy lifestyles through such initiatives as the 'Łódź Maraton – Dbam o Zdrowie' running event. It is a source of great satisfaction to us that our '60+ Programme', which is dedicated to the elderly, was recognised as one of the most interesting CSR initiatives.

We are proud that the Pelion Healthcare Group once again found itself among 20 companies to be included in the RESPECT Index, a distinction awarded to socially-responsible companies listed on the Warsaw Stock Exchange. It is a proof that we continue to operate in accordance with the highest CSR standards.

We attach a lot of weight to building a proper work culture and healthy relations with our employees. We try to be an open company, in which everyone can pursue professional development based on trust, both among employees and between employees and the employer. In November 2013, CEPD N.V. – the Group's subsidiary managing the 'Dbam o Zdrowie' chain of pharmacies – was certified to the Global Standard for Workplace Gender Equality by the Gender Equality Project (GEP) Foundation of the World Economic Forum in Davos. It is a great honour, especially that we are the first and only CEE company to have received the certificate.

For the Pelion Healthcare Group to be able to create its value and grow, we need to maintain a balanced relationship with all stakeholder groups. We are an active participant in the discussion about business ethics and the debate on how to build shareholder value while ensuring a responsible approach towards everyone affected in the course of the Company's operations: customers, trading partners, employees and local communities. We believe that it is necessary to strike a balance between financial security, which is what our creditors demand, employee expectations and shareholder satisfaction. We are also convinced that only by creating shared value we will be able to ensure a stable competitive advantage on this difficult and highly-competitive, but extremely important, market.

2014 will bring new challenges. Bearing in mind our current long-term strategy of building a solid position on the European healthcare market and a strong value on the capital market, we must and we will aim towards new goals involving untapped

growth prospects, restructuring and cost optimisation, and improving our net margins. At the same time, we remember to respect and take into account the interests of the financial institutions which support us, other companies operating on the healthcare market, the pharmacies with which we collaborate, as well as of patients and our shareholders. While pursuing our projects, we will remain committed to a modern approach to healthcare, in which the result – a patient's health – is the product of business efficiency, responsible thinking about the environment we operate in, and authentic care.

I am convinced that our success lies in consistently high standards of operation. I believe that operational effectiveness and flexibility, combined with attention to current trends and innovative solutions, will strengthen our position as a leading company on the healthcare market. This is a commitment we feel responsible to deliver.

I extend my sincere thanks to our Colleagues, Shareholders, Customers and Partners for yet another year of working together. To me, the fact that the Pelion Healthcare Group is able to function so well in a difficult and demanding industry is a source of personal satisfaction which can be measured by the real positive effect on the health of the community we all create. With your support, we can build a modern company, drawing on the values in which we believe and which we want to see materialised in real life.

With kindest regards

Jacek Szwałkowski

President of the Pelion
Management Board

Management Board of Pelion S.A.

Healthcare is one of civilisation's greatest challenges. We live in a world of constant change, and now we live longer, more active and more conscious lives than ever before. The astonishingly dynamic development of medicine and pharmacy creates opportunities and possibilities that we could hardly dream of until very recently. Those developed countries which have reached a certain level of civilisational maturity are able to manage these advances wisely and in a socially-responsible manner to enable universal access to modern healthcare and thus improve the general quality of life. Combining sincere passion with a rational financial approach, we at the Pelion Healthcare Group have driven these changes with our ideas and actions for twenty-three years.

Hospitals are the key stakeholders for Pelion S.A. PGF Urtica, a Group company, is the leading distributor of drugs to in-patient healthcare institutions. Using special-purpose vehicles which meet the highest pharmaceutical standards and requirements, the company is able to supply drugs and medical products to more than 850 customers all around the country every single day. PGF Urtica has been an active contributor to the development of the hospital pharmacy network and is actively involved in the pharmaceutical and hospital environment. The company's most valuable asset is the expertise, skills and commitment of its employees who have built a world-class business without neglecting corporate social responsibility, as evidenced by the 'Urtica for Children' ('Urtica Dzieciom') project implemented for the past 17 years.

Jacek Sz wajkowski

President of the Management Board



Zbigniew Molenda

Vice-President of the Management Board
Distribution



For a company such as ours – which is innovative, has reached stability and an established strong market position, and conducts its business in a sustainable and responsible manner – one of the key priorities is to look for and discover new paths for growth in the area of healthcare. Our goal is not only to meet the growing expectations of our customers halfway, but also to think out of the box when initiating new projects. In such a model, value creation is an inherent element of an active dialogue and cooperation with investors. Our consistent focus on growth and commitment of all Pelion employees is the key to the Company's success.

Mariola Belina-Prażmowska

Vice-President of the Management Board
Development and Investor Relations



Pelion attaches particular importance to ensuring a responsible approach at all stages of our supply chain. Together with our trading partners, we seek to develop an optimum formula for a more effective and informed decision-making process, starting from decisions related to procurement, through product transport and storage, up to delivery to end users. This is of key importance, as those decisions may have an effect on the health and safety of patients. We have therefore adopted certain logistics-related procedures and solutions which guarantee both top quality and highest level of safety.

Ignacy Przystalski

Vice-President of the Management Board
Sales



In 2013, Pelion was included twice in the RESPECT Index and thus made it to the short list of socially responsible market leaders. This sends an important message to investors, confirming our compliance with most exacting CSR standards. It means that we are able to manage our business risks more effectively and that we seek for new areas for the creation of shared value, thereby paving the way towards sustainable market success. We treat our inclusion in the RESPECT Index only as the beginning of a brand new chapter, not as the crowning achievement of our CSR initiatives to date. We are raising the bar even higher and setting new CSR goals to achieve.

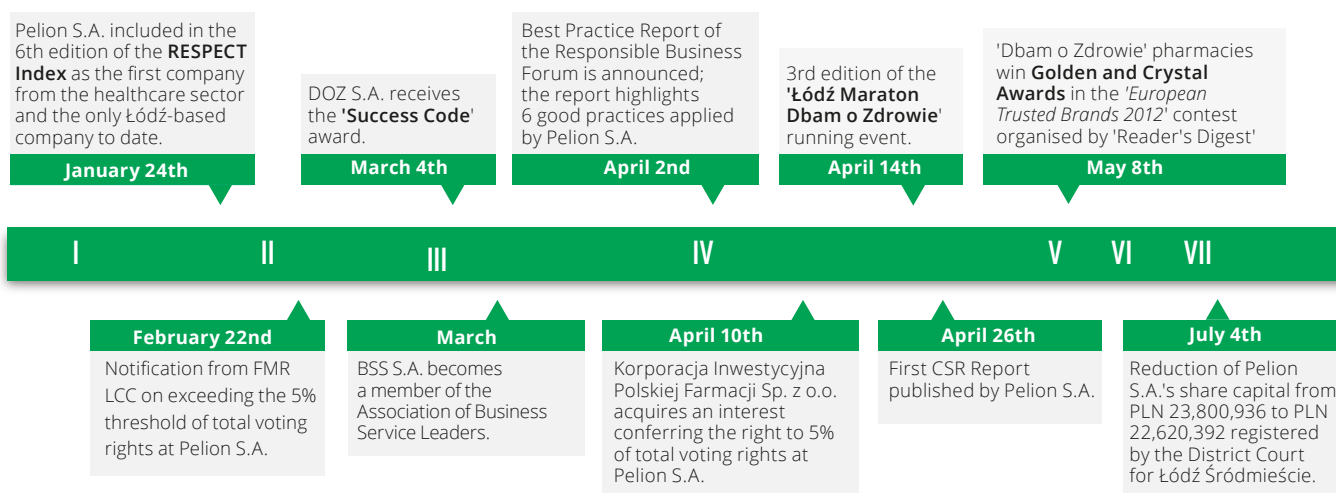
Jacek Dauenhauer

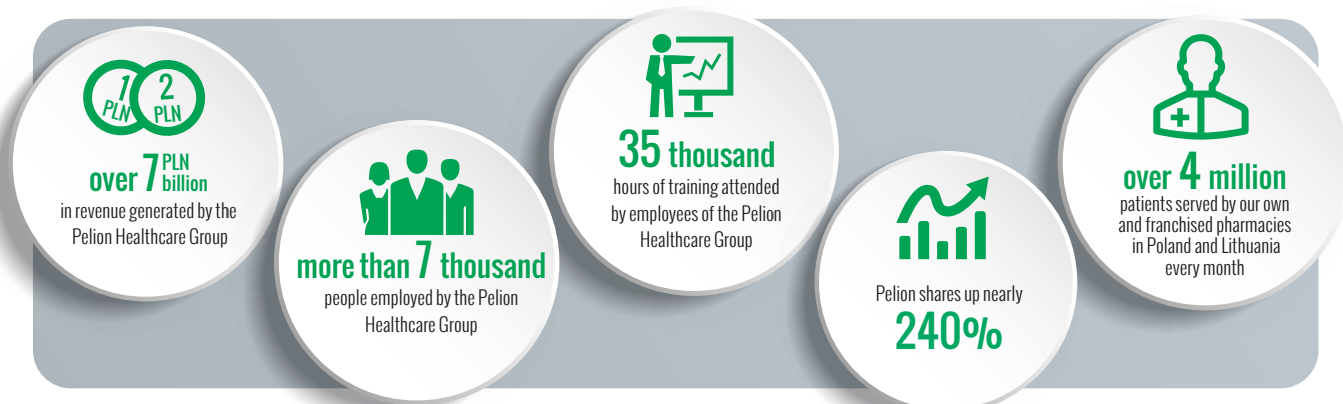
Vice-President of the Management Board
Financial Strategy



Pelion Healthcare Group in 2013

1 million drug packages were delivered to pharmacies through PGF S.A. every day. • Pelion S.A. made it to the RESPECT Index **2** times. • 1,016 runners finished the **3**rd edition of the 'Łódź Maraton – Dbam o Zdrowie' marathon, with 1,616 runners at the finish line of a 10-kilometre run. In total, runners consumed 2 tonnes of fruit and 27,000 litres of water and energy drinks. • As one of only **4** organisations from around the world, DOZ S.A., a CEPD N.V. group company based in Poland, was certified to the Global Standard for Workplace Gender Equality by the Gender Equality Project (GEP) Foundation of the World Economic Forum in Davos. • The doz.pl website attracted **5** million visitors per month. • Within **6** hours from the placement of a STAT order, PGF Urtica was able to deliver the requested drug to any place in Poland. **7** thousand people from 11 countries visited the Jan Muszyński Pharmacy Museum in Łódź. **8** schools of Łódź participated in the 'Global Dignity Day' event organised in Łódź by Pelion volunteers. • Revenue of the Pelion Healthcare Group was up more than **9** % on 2012. • The www.doz.pl website was among Poland's **10** largest e-commerce websites. • Pelion Healthcare Group companies received **11** thousand job applications. **12** kilometres of tape were used to mark the route of the 'Łódź Maraton – Dbam o Zdrowie' marathon. • PGF suppliers delivered drugs from **13** warehouses to any place in Poland. • The Polska Grupa Farmaceutyczna Group is composed of **14** companies. **15** employees, participants of the 'Łódź Maraton – Dbam o Zdrowie' event, started their own charity campaigns to raise money for people under the 'Dbam o Zdrowie' Foundation's care. The campaigns were supported by 380 donors.





16 Single Mother Shelters received support from the 'Dbam o Zdrowie' Foundation. • The 'Urtica for Children' charity event was organised for the 17th time. EBITDA went up nearly 18% on 2012. • The sales of the retail segment in Lithuania grew by more than 19%. • Pharmapoint operated 20 state-of-the-art double-chamber vehicles for the transport of products in two temperature ranges: 2-8°C and 15-25°C. 30 innovative project applications were filed in the first edition of the 'Your Idea Is a Plus for Us' employee programme. 40% of sales were handled with the use of innovative sorting and picking lines. • Employees over 50 years of age accounted for 20% of total headcount at the Pelion Healthcare Group. • The Pelion Healthcare Group announced the Seniors' Year, putting the spotlight on persons over 60 years of age. • At year-end, the Appteka.eu application had 70 thousand users. PGF Urtica supplied products to 80% of Polish hospitals. • Sales of drugs from all pharmacological groups accounted for over 90% of revenue reported by PGF S.A. 100 volunteers were involved in projects of the 'Dbam o Zdrowie' Foundation.

Pelion S.A. distinguished in the ranking list of companies publishing best non-financial data reports under the patronage of the Polish Association of Stock Exchange Issuers, GES and Crido Business Consulting.

October 23rd

Pelion shares reach the year's high of PLN 115.90.

October 30th

The 'Dbam o Zdrowie' Foundation becomes a supporting member of the 'Donors' Forum' association.

November 28th

PGF S.A. acquires a 100% interest in Pharmapoint Sp. z o.o

November 29th

Pelion S.A. listed in mWIG40 and removed from sWIG80.

December 20th

VIII IX X XI XII

September 26th
Pelion S.A. receives a distinction in the 'Icebreakers 2013' competition held by the Polish Association of Employers of the Disabled (POPON).

October 28th
Pelion S.A. recognised as the 'Best Business Partner' by the 'Home&Market' business magazine.
DOZ S.A. certified to the Global Standard for Workplace Gender Equality.

December 13th
Mariola Belina-Prażmowska appointed Vice-President for Development and Investor Relations as of January 1st 2014.

December 23rd
Pelion S.A. included in the 7th edition of the RESPECT Index.



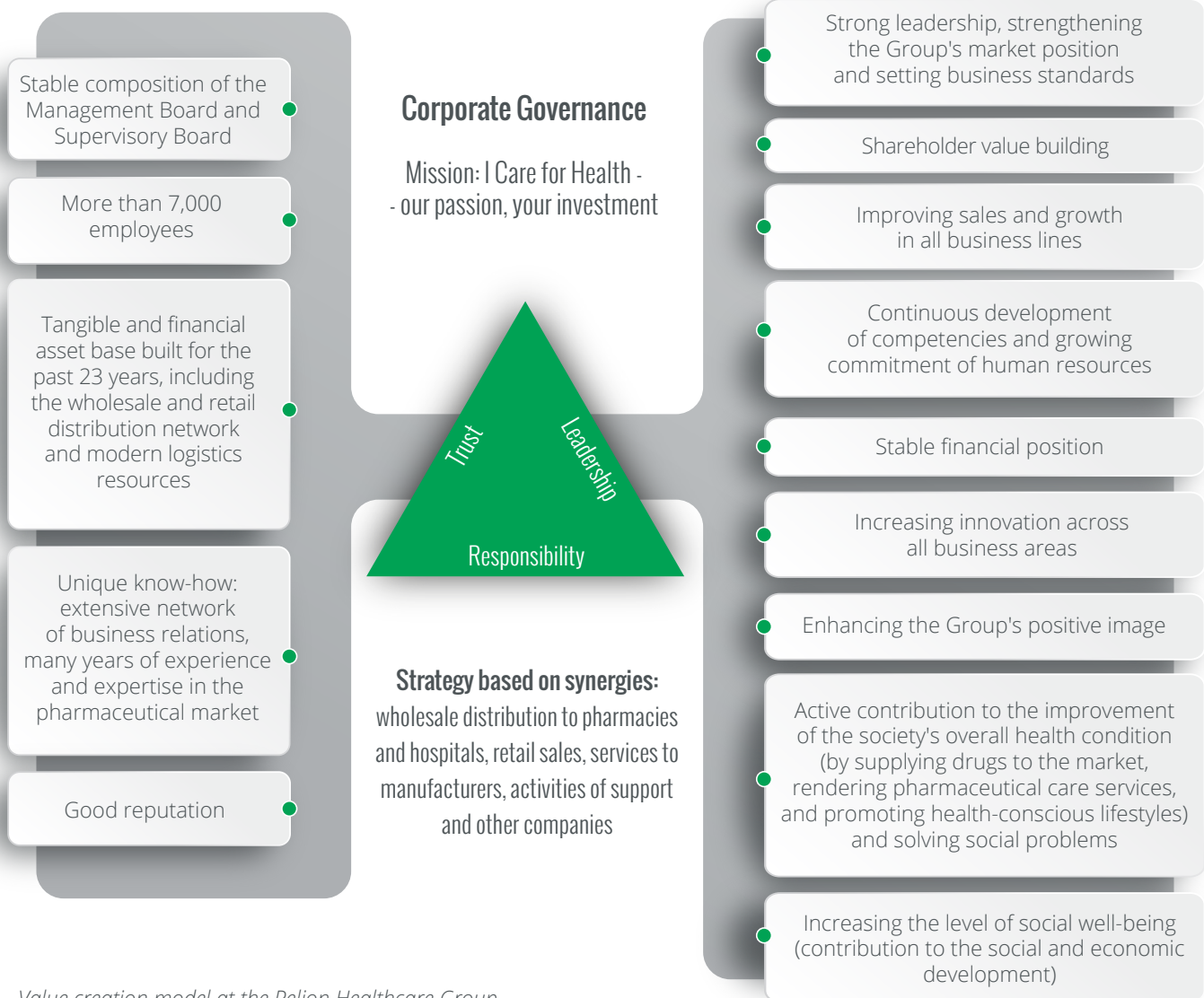


OUR BUSINESS

VALUE CREATION MODEL
BUSINESS LINES
MARKET ENVIRONMENT

Value creation model

The Pelion Healthcare Group operates on the healthcare market and offers services in all pharmaceutical distribution segments, including wholesale to pharmacies and hospitals, retail sales, and services provided to manufacturers. Established in 1990, the Group has been listed on the Warsaw Stock Exchange since 1998. The Group companies in Poland and in Lithuania employ more than 7 thousand people. Pelion S.A., as the holding company, is responsible for corporate oversight of all areas of the Group's operations.



Value creation model at the Pelion Healthcare Group

Consistent implementation of the corporate mission

Based on its resources, the Company builds sustainable value through consistent implementation of its corporate mission: *I Care for My Health – our passion, your investment*. This mission gives meaning to the very existence and all activities of the Pelion Healthcare Group, and at the same time shows the fundamental method for increasing value generated by the Group in a short-, medium- and long-term horizon. The notion of health defines what is at the core of the Group's efforts in building relations with its internal and external environment. Therefore, the Group's healthcare mission is implemented in the context of the overall relations with its key stakeholder groups. In line with the Pelion Healthcare Group's business profile, which determines the actual key impacts on its operating environment, and in keeping with the motto 'Patients in focus', patients to whom the Group supplies drugs and medical equipment on a daily basis are always in the centre of the Group's attention in its efforts to build healthy relations with the environment.

Energy in values

What helps the Group build competitive advantage are the following corporate values adhered to in developing and maintaining healthy relations with the environment in all areas affected by the Group's operations:



Responsibility

By putting the patient in the centre of attention, the Pelion Healthcare Group recognises its responsibility for supplying drugs to the market, ensuring highest quality and safety of the products sold, rendering pharmaceutical care services, and promoting health-conscious lifestyles. As a listed company, Pelion manages the capital entrusted to it by the investors in a responsible manner, always focusing on how to build sustainable value for its shareholders. In managing an organisation which employs over 7,000 people and works with thousands of trading partners, it assumes responsibility for the jobs it creates in Poland and abroad and for maintaining good relations with all partners across the value chain. Also, the Company strives to minimise the negative impact of its decisions on the natural environment and is always committed to overcoming social problems.



Trust

The Pelion Healthcare Group focuses on building long-term relations with its trading partners, shareholders, patients and employees, and makes every effort to ensure that they are based on trust, stemming from operational transparency and integrity, responsible decision-making, reliable information policy, and positive experience, which confirms a fully professional approach and highest quality of cooperation.



Leadership

The development of the Pelion Healthcare Group is a history of continuous progress, supported by the ability to build on the experience and best traditions of the pharmaceutical industry, and by the courage to think beyond the obvious when looking for the solutions and answers to most challenging problems. With its innovative approach and active search for the ways to keep ahead of the changes taking place in the business environment, the Group plays an active role in shaping the market and social reality and can set business standards on the market. By assuming responsibility for the impact of the business environment it creates on the social and economic environment, the Pelion Healthcare Group seeks to implement the model of business leadership which is responsible, supports and promotes sustainable development, and is an embodiment of business ethics and success achieved through fair dealing.

Strategy based on synergies

The strategy which enables the Pelion Healthcare Group to consistently strengthen its position on the Polish and Lithuanian healthcare markets and build sustainable value on the capital market, lies in the pursuit of objectives which foster synergies between the Group's four main business lines, with additional support from other companies.

Organisational structure

The core business of the Pelion Healthcare Group, accounting for over 99% of its revenue, is focused on the following four business lines: wholesale, sales to hospitals, retail sales, and services provided to manufacturers.

The Pelion portfolio also includes a number of specialist companies which support the Group's strategic goals and cooperation leveraging the synergies across the four business lines.

Pelion Healthcare Group's business objectives in 2013:

- optimise processes across all business lines,
- leverage synergies derived from the Group's presence in all areas of the pharmaceutical distribution market,
- generate organic growth,
- keep the Company's business in line with the changing market conditions resulting from the new regulatory framework,
- improve the quality and scope of services.

WHOLESALE



BUSINESS OBJECTIVES: adjust the Company's business activities to the evolving legal and market conditions arising from the new Act on Reimbursement of Drugs, Foodstuffs Intended for Particular Nutritional Purposes and Medical Devices; reduce costs of logistics; further expand the sales and marketing offering.

KEY VALUE CONTRIBUTING AREAS:

- **for the Company:** mitigation of the risk of failure to ensure the proper quality of the distributed products; more efficient process management; consolidation of relations with pharmacies
- **for the stakeholders:** ensuring ongoing availability of drugs on the market; shorter order lead times for pharmacies; higher safety of products for patients; better quality of services provided to pharmacies and suppliers; reduced environmental impact through optimisation of logistics-related activities

HOSPITAL SUPPLIES



BUSINESS OBJECTIVES: maintain the leading position on the market of pharmaceutical distribution to hospitals without compromising the quality of the receivables portfolio

KEY VALUE CONTRIBUTING AREAS:

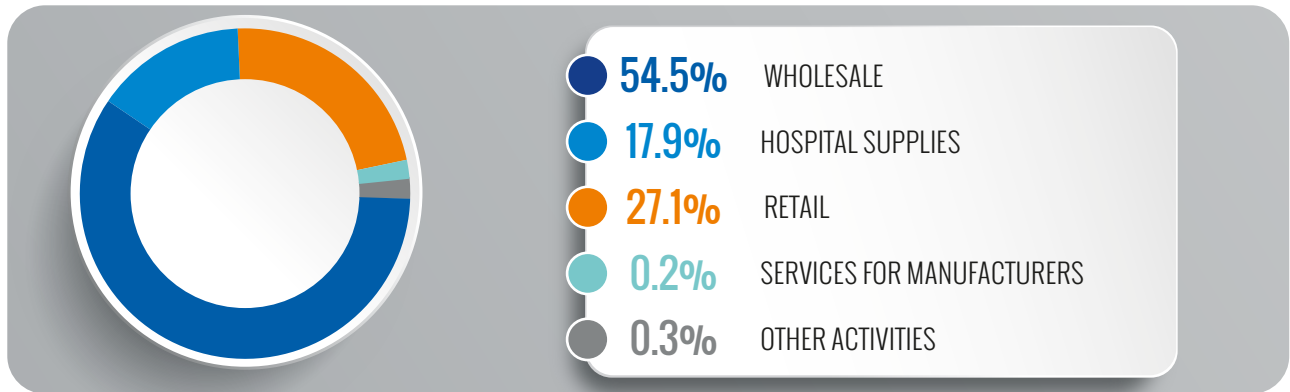
- **for the Company:** eliminating obstacles which impair hospitals' ability to purchase drugs; building and consolidating good relations with in-patient healthcare institutions
- **for the stakeholders:** eliminating risks related to interruptions in drug supplies to hospitals; developing pharmacoeconomics competencies which could help optimise the hospitals' cost structure

ACTIVITIES OF SUPPORT COMPANIES

- Business Process Outsourcing (BPO) • risk management • property letting • R&D • fleet management • manufacture of galenic formulations, dietary supplements and cosmetics • private drug reimbursement • publishing

• BSS S.A. • Farm-Serwis Sp. z o.o. • Daruma Sp. z o.o. • Pharmena S.A. • Pharmauto Sp. z o.o. • Eubioco S.A. • ePRUF S.A. • Bez Recepty Sp. z o.o.

Structure of consolidated revenue in 2013



RETAIL

CEPD N.V.

Corporation of European
Pharmaceutical Distributors

**GINTARINĖ
VAISTINĖ**

APTEKI
dbam o zdrowie

LIMEDIKA

VAISTINE

BUSINESS OBJECTIVES: continue to develop the European retail sales network for pharmaceutical products; continue growth on the Company's current markets; expand into new European markets; leverage significant synergies from the economies of scale

KEY VALUE CONTRIBUTING AREAS:

- **for the Company:** reinforcement of the Company's position on the new, rapidly growing online services market; raising patients' awareness of the need and availability of pharmacotherapy; increasing brand confidence
- **for the stakeholders:** higher effectiveness of treatment; lower treatment costs to patients; better availability of drugs in pharmacies for patients; shorter order lead times; fostering awareness of healthy lifestyles; improving safety of pharmacotherapy by raising patients' awareness of the proper administration of drugs; improving overall health condition of the society

SERVICES FOR MANUFACTURERS

pharmalink

BUSINESS OBJECTIVES: extend the portfolio of services; centralise business processes; increase scale of operations

KEY VALUE CONTRIBUTING AREAS:

- **for the Company:** optimisation of logistics; development of a more attractive and competitive offering based on a broader scope and availability of the services
- **for the stakeholders:** end-to-end support provided to trading partners at each stage of the distribution process; reducing environmental impact through optimisation of logistics (especially transport); guaranteed quality of products during transport, ensuring that the safety of pharmacotherapy to patients is not compromised

BUSINESS OBJECTIVES: continue to develop competencies; attract new customers; improve the quality and expand the scope of services

KEY VALUE CONTRIBUTING AREAS:

- **for the Company:** development of the Company's competencies through access to up-to-date industry knowledge and experience sharing; reinforcement of the Company's image as the industry expert; attractive offering based on higher predictability and security of services offered to customers; the privilege of setting market standards for the products offered; economic benefits from improved operational efficiency and lower costs
- **for the stakeholders:** more effective resource management; better internal flow of information; lower business risks; higher financial security for third-party customers

European Union

MARKET VALUE:
160.6 EUR billion
at net manufacturer prices
Source: IMS Health



506 million inhabitants

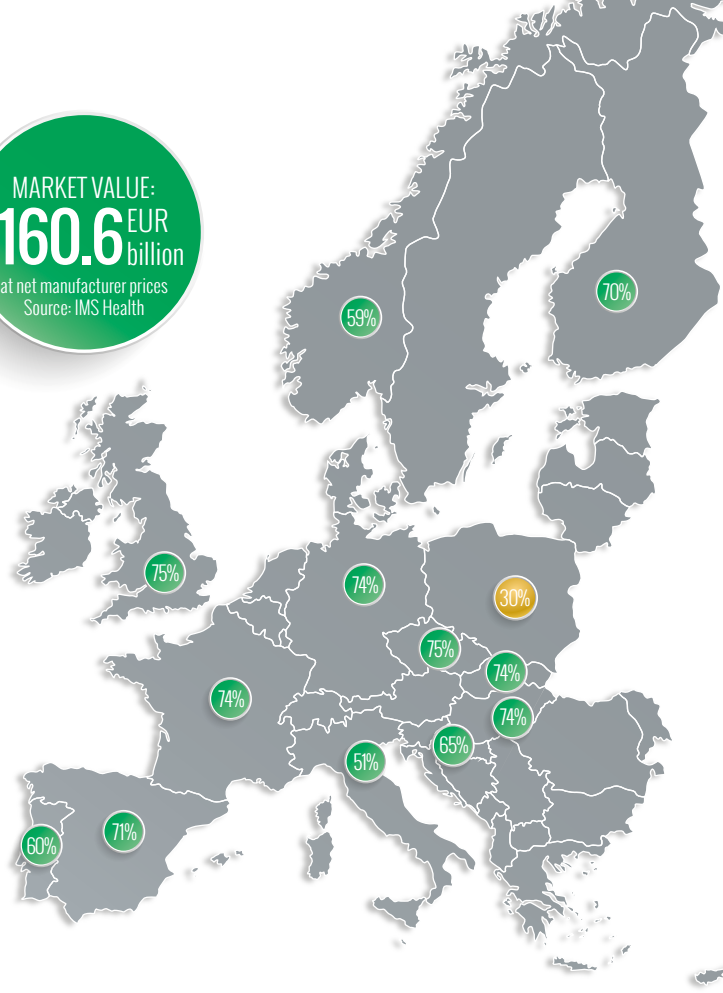


18.2% of the population over 65 years of age



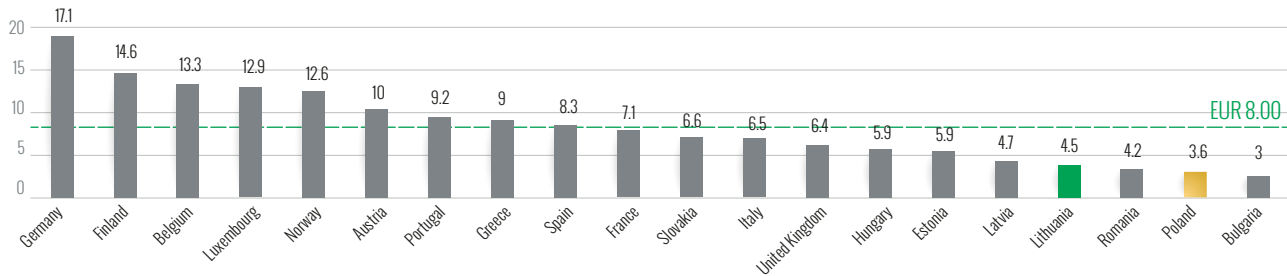
7.8% average spending on healthcare (as percentage of GDP)

Source: Eurostat



% Share of drug reimbursement in overall spending on healthcare
Source: In-house calculations based on IMS Health 2010 data.

Average drug price (at net manufacturer prices, in EUR); Source: IMS Health.



Average wholesale margin on 1 drug package (EUR), Source: IMS Health



1. Poland with wholesale margin fixed at 5%

Market environment

"According to market research firms, Poland remains the long-term leader on the pharmaceutical market and the most attractive market in the CEE region. This trend is driven by Poland's large population and ageing society (...). Rising popularity of self-medication and growing incidence of health conditions such as diabetes and hypertension are other important factors. It is estimated that despite the 2012 market turmoil following the enactment of new drug reimbursement regulations, Poland's pharmaceutical market will continue on a strong upward trend."

Source: 'Sektor Farmaceutyczny i Biotechnologiczny w Polsce', the Polish Information and Foreign Investment Agency (PAIIZ), based on Business Monitor International 2012.



Poland

Value of the Polish market of pharmaceutical distribution to pharmacies
24.0 PLN billion
 at net wholesale prices
 Source: IMS Health



39 million inhabitants



14.2% of the population over 65 years of age
 Average life expectancy for a male aged 65 is 14 years, including over 7 years in good health. To compare, for a female it is nearly 20 years, including 9 in good health. According to 58% of Poles, their health condition is good or very good, while 14.5% claim to be in a bad or very bad condition



6.87% of GDP spending on healthcare (PLN 105bn)

Source: Eurostat.



Lithuania

Value of the Lithuanian market of pharmaceutical distribution to pharmacies
1.6 LTL billion
 at net wholesale prices
 Source: IMS Health



3 million inhabitants



18.2% of the population over 65 years of age
 Average life expectancy for a male aged 65 is 15 years, including over 5.5 years in good health. To compare, for a female it is nearly 20 years, including 9 in good health. According to 45% of Lithuanians, their health condition is good or very good, while 20% claim to be in a bad or very bad condition.

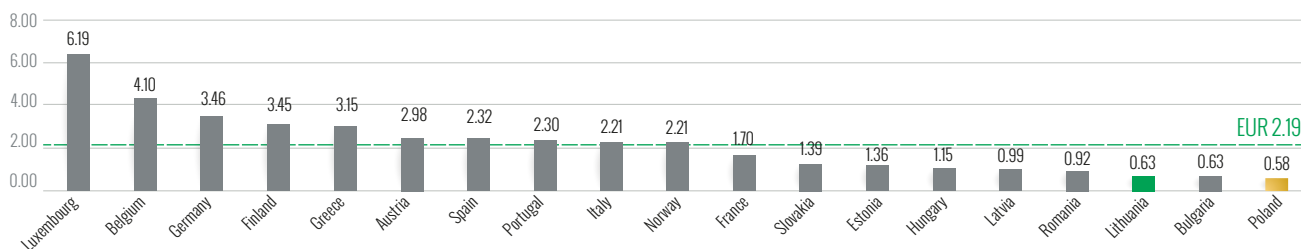


6.85% of GDP spending on healthcare (LTL 7.33bn)

Source: Eurostat.

Prices of drugs in Poland and in Lithuania are among Europe's lowest, and average wholesale and retail margins are much lower in both countries than elsewhere in Europe.

Average retail margin on reimbursable drugs (in EUR); Source: IMS Health.





STRATEGIC OVERVIEW OF 2013 AND OUTLOOK ON THE FUTURE

2013 ON THE WARSAW STOCK EXCHANGE

2013 ON THE PHARMACEUTICAL MARKET

BUSINESS LINES

Wholesale

Hospital supplies

Retail

Services for Manufacturers

OTHER ACTIVITIES

PRODUCT LIFE CYCLE AT THE PELION HEALTHCARE GROUP

'DBAM O ZDROWIE' FOUNDATION

'ŁÓDŹ MARATON DBAM O ZDROWIE' MARATHON

STAKEHOLDER DIALOGUE

NATURAL ENVIRONMENT

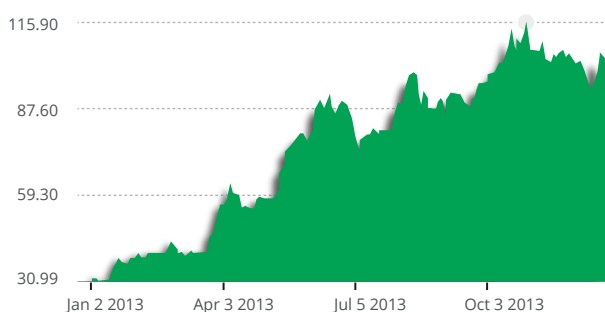
AWARDS

2013 on the Warsaw Stock Exchange

February 17th 1998 – first listing of Company shares on the Warsaw Stock Exchange

Listing market	WSE
Market/Segment	Main/50 PLUS
Trading system	Continuous
Industry sector	Wholesale
Abbreviated name	PEL
Bloomberg	PEL PW
Reuters	PELIO.WA
Number of shares as at the end of 2013	11,403,496

Pelion S.A. share price on the WSE



A good year on the WSE

2013 turned out to be a very good year for Pelion S.A., with its share price soaring nearly 240%. For the most part of the year, Pelion shares outperformed the market: sWIG80 and WIG indices gained 37% and 8%, respectively.

From the beginning of the year, Company shares continued on the upward trend which began in November 2012. In January, the price went up 27% to PLN 38.8 at the month's end. The share price rise continued throughout the first half of the year, to reach PLN 90 at the end of June. The average daily trading volume stood at 13.4 thousand shares in the first half of 2013. After a short-lived retreat in early July, the Pelion share price returned to the growth path, climbing up for the next three months, to break the psychological barrier of PLN 100 in October and close the month at PLN 112 per share. In November and December, the share price declined again and closed the year at PLN 103.10. Following an extraordinary adjustment to the composition of the mWIG40, sWIG80, WIG and WIG-Poland indices of the WSE, after the trading session on December 20th 2013 Pelion shares were transferred from sWIG80 to mWIG 40. After the annual revision of index portfolios on March 21st 2014, Pelion was removed from mWIG40 and moved to a new WIG50 index.

2013 was another consecutive year when the corporate website www.pelion.eu made it to the short list in the 'Golden Website of Listed Companies' contest. Pelion S.A. was among top fifteen nominees, including three sWIG80 companies.

In July 2013, the District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register, registered a reduction of the Pelion S.A.'s share capital. The share capital was reduced from PLN 23,800,936 to PLN 22,620,392, to adjust its amount to the number of shares outstanding after the cancellation of 590,272 ordinary bearer shares with a par value PLN 2 per share (the cancelled shares were treasury shares, bought back by the Company for cancellation under Resolution No. 24 of the Annual General Meeting of Pelion S.A. of May 9th 2012).

In August 2013, the Management Board of the Warsaw Stock Exchange admitted to trading 93,300 Series O4 bearer shares in Pelion S.A., with a par value of PLN 2 per share. The shares were introduced to trading on the main market on August 20th 2013.

The Series O4 shares were acquired by eligible participants of the 2006 Management Stock Option Plan and registered by the District Court of Łódź in November 2013. The Company's share capital was increased from PLN 22,620,392 to PLN 22,806,992, while the number of shares went up from 11,310,196 to 11,403,496 shares, conferring the right to 18,496,696 votes at the Company's General Meeting.

RESPECT Index

In 2013, Pelion S.A. passed twice the multi-stage review of companies which is a pre-condition for inclusion in the RESPECT Index, the prestigious index of WSE-listed socially responsible companies. The index includes companies with highest liquidity, which are market leaders in corporate governance, quality reporting and investor relations, and which stand out for their pro-environmental, social and employee-oriented activities. Pelion S.A. was first included in the RESPECT Index on January 24th 2013, as one of 20 companies of the 6th edition, the first company representing the healthcare sector, and the first Łódź-based company. The Company's compliance with the highest standards of socially responsible management was confirmed again at the end of the year, when Pelion S.A. met the stringent selection criteria for the second consecutive time. Since December 23rd 2013, Pelion S.A. has been one of 22 participants of the 7th RESPECT Index.

Dividend

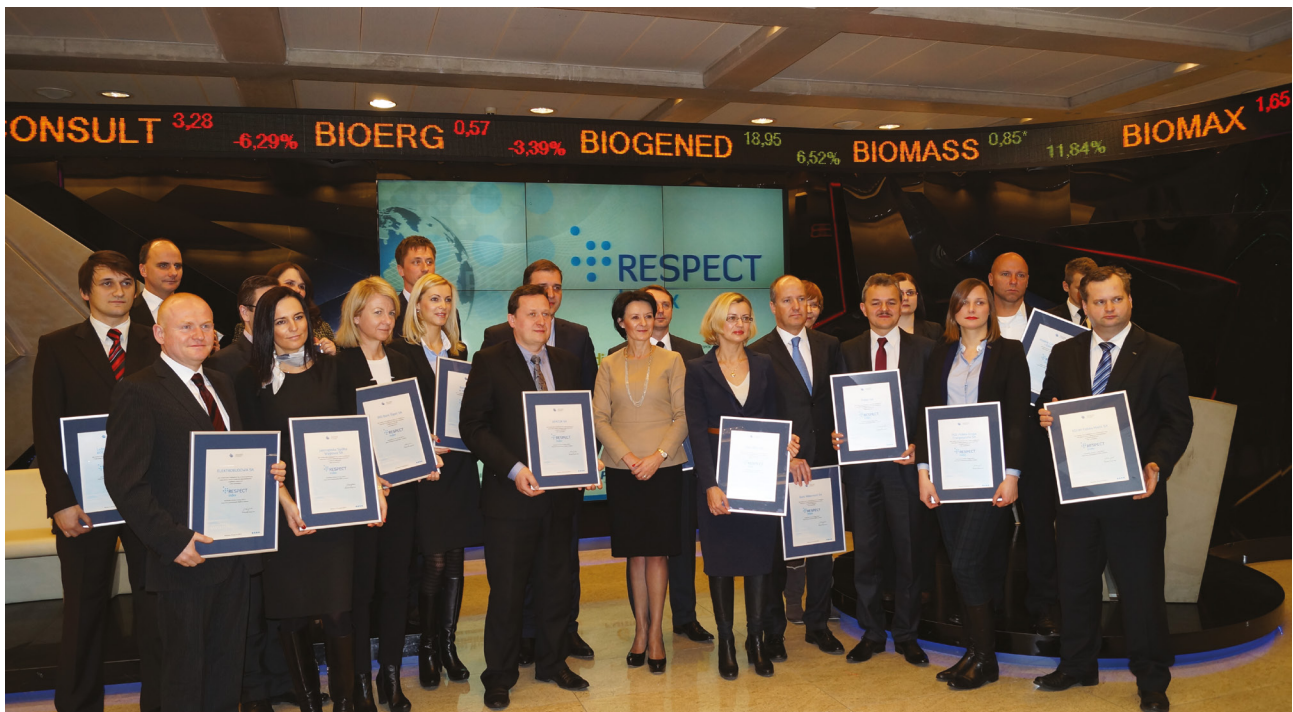
On April 26th 2013, the Annual General Meeting of Pelion S.A. passed a resolution to allocate a portion of the Company's 2012 net profit of PLN 22,796,026.76 for distribution of dividend. The dividend amount was calculated by multiplying the number of shares in the Company's share capital, less treasury shares, and the amount of dividend per share, equal to PLN 2. The 2012 dividend record date was set for May 10th 2013 and the dividend was paid on May 28th 2013. As at the resolution date, 11,900,468 shares conferred the right to dividend, excluding 590,272 treasury shares, repurchased by the Company for cancellation. The total amount of dividend paid was PLN 22,620,392.

In March 2014, the Pelion Management Board resolved to recommend that the General Meeting distributes dividend of PLN 3 per share from the 2013 profit.

COMMITMENT (2013-2015) -> continuation

To make every effort to secure a place in future editions of the RESPECT Index

✓ Inclusion in the 6th and 7th edition of the RESPECT Index



Jacek Dauenhauer, Vice-President of the Pelion Management Board, receives a certificate of the Company's participation in the RESPECT Index at the WSE head office in Warsaw. January 2013.

2013 on the pharmaceutical market

Poland

In 2013, the situation on the Polish pharmaceutical market was continued to be affected by the 2012 introduction of the Act on Reimbursement of Drugs, Foodstuffs Intended for Particular Nutritional Purposes and Medical Devices enacted in May 2011.

The Act, effective since January 1st 2012, introduced, among other regulations, fixed official wholesale margins and retail prices for reimbursable drugs, and a new method of calculating limits for patient cost sharing. The legislator prohibited any sale incentive systems for reimbursable drugs, prescribing a number of sanctions for a breach of this prohibition. At the same time, the amended Pharmaceutical Law came into force, providing for an absolute ban on advertising of pharmacies and their activities. During the first year after the adoption of the new laws, both the value of the market and employment in the sector declined¹.

2013 saw a further reduction of the wholesale margin, to 6%, that is below the break-even point estimated by experts at 6.6% (calculated as the share of distribution costs in the selling price of an average reimbursable drug package)². In the context of the planned margin reduction by another percentage point as of January 1st 2014, distributors made yet another effort to curb their costs and prevent deterioration of liquidity and increase in debt. In a longer term, this may lead to a lower frequency of deliveries to pharmacies, smaller number of distribution centres, or a reduction of inventory levels, which would affect availability of drugs for patients.

Despite the unfavourable legal environment, the market of wholesale distribution to pharmacies returned to the growth path in 2013, rising nearly 3% on 2011 (the period preceding the introduction of the new reimbursement law)³.



Frequent changes in the reimbursable drug list make it difficult for pharmacies to maintain required inventory levels.

1. Based on IMS Health data.

2. Analysis of wholesale distribution costs for reimbursable drugs in Poland in 2012–2014 conducted by PwC for the Association of Polish Pharmaceutical Wholesalers Employers, February 2013.

Unlike the wholesale market, the Polish retail market did not make up for the sustained losses – its value was still down 1% on 2011⁴. The difficulties faced by Polish pharmacies were caused mainly by the fixed, unfavourable retail margins on reimbursable drugs, high losses resulting from frequent changes to the reimbursable drug lists (introduced every two months), and the ban on pharmacy advertising. In consequence, more than 1,000 pharmacies were closed down in 2013.

In 2013, the new laws also affected the situation of patients. Due to an unfavourable structure of limit groups adopted for reimbursable drugs, the level of patient cost sharing was increased. Availability of reimbursable drugs was also affected by the deteriorated financial standing of pharmacies and the resulting reduction of inventory levels, drug rationing by manufacturers, and suspension of loyalty schemes offering lower prices of drugs for patients. Additionally, the ban on pharmacy advertising made it difficult to compare prices and select the cheapest products, and compromised the safety of treatment – patients would buy OTC drugs in points of sale which were not covered by the ban, but at the same time did not ensure the proper storage and responsible distribution of pharmaceutical products.

The uncertainty affecting all stakeholders on the pharmaceutical market was further exacerbated by the protracted work on amendment to the Reimbursement Act, which was supposed to reduce the frequency of publication of updated reimbursable drug lists, as demanded by market participants, increase the substitution of drugs at pharmacies, modify the procedure for issuing reimbursement decisions, and introduce certain other changes. The Act had not been put to vote by the end of the year.

Lithuania

Due to the country's small population, the Lithuanian pharmaceutical distribution market is much smaller than markets in other EU Member States. It is highly consolidated – as at the end of 2013, nearly 1,400 pharmacies operated in Lithuania, of which over 70% were owned by six largest networks. Just like in other European countries, the activities of companies operating on the Lithuanian retail pharmaceutical distribution market are heavily regulated, including through licences and rules of operation, reimbursement rules and drug price limits, as well as regulated margins on prescription and OTC drugs.



Mirosław Kachniewski

President of the Polish Association of Stock Exchange Issuers (SEG)

Reporting of ESG data is extremely important for long-term valuation of companies, not only due to the growing importance of socially-responsible investing, but primarily in the context of additional risk analysis. The Company's ability to generate future cash flows depends to a large extent on the accurate identification and effective mitigation of environmental risks (this applies to all industries, not only to those known as heavy polluters), social risks (related mainly to relations with employees and the local community), as well as corporate governance risks (especially in terms of effective supervision). Bearing this in mind, the Polish Association of Stock Exchange Issuers has been reviewing, for a number of years, all listed companies in terms of their compliance with these criteria. Every year, Pelion is among top companies reporting their ESG data.

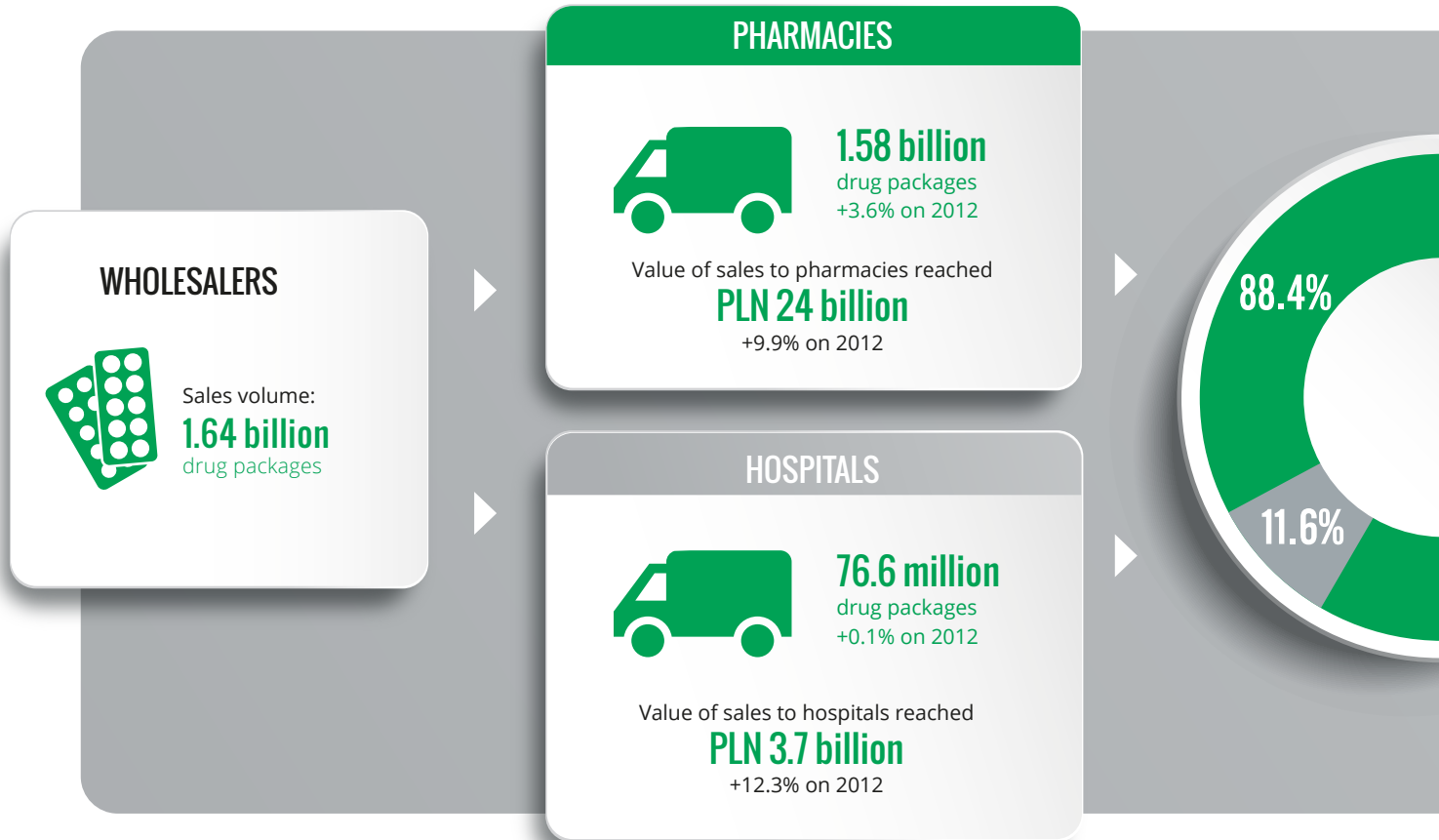


Despite difficult market conditions, pharmacists continue to provide high-quality pharmaceutical care.

3. Based on IMS Health data.

4. Based on PharmaExpert data.

Polish pharmaceutical market in 2013



- 37% reimbursable prescription drugs
- 22% non-reimbursable prescription drugs
- 41% OTC drugs

Just as in previous years, the market structure was dominated by the prescription drug segment (59%), with reimbursable drugs accounting for nearly two-thirds of the segment. The value of sales of reimbursable prescription drugs rose 4%, while the value of the OTC segment increased by over 5%.

Polish pharmacy distribution market.



Polish pharmaceutical distribution market



The value of retail sales from pharmacies to patients reached

PLN 27.8 billion

at gross retail prices
+4.6% on 2012



Average value of sales per patient reached

PLN 46.7

Patients paid PLN 16.50 on average,
+2% on 2012

The number of patients at pharmacies went up **1%** on 2012



Forecast National Health Fund's spending on drug reimbursement in 2013

PLN 6.9 - 7.1 billion



2014-2015 forecasts suggest further market stabilisation and continued growth at

3-6%

Source: In-house calculations based on IMS Health, PharmaExpert and PMR data.



0521E 051906 5

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok


Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok

Inhibace
1mg
30 tabletok



BUSINESS LINES

WHOLESALE

Wholesale



Polska Grupa Farmaceutyczna S.A.



Business

PGF S.A., formerly PGF-HURT Sp. z o.o., is engaged in wholesale to pharmacies and is one of Poland's largest pharmaceutical distributors, with an over 21% market share as at the end of 2013.

Using an optimised network of 13 centrally-managed modern warehouses and its own vehicle fleet, PGF S.A. supplies products to more than 9 thousand pharmacies. Its country-wide network of warehouses enables efficient drug delivery to any given place in Poland within just several hours. PGF S.A.'s 13 subsidiaries handle the direct distribution of pharmaceutical products to pharmacies, while the parent centrally manages all core business functions, from the procurement policy (PGF S.A. is responsible for relations with manufacturers) to supplies to local companies, to marketing and sales. In addition to sales of all drug groups, whose share in the company's revenue stands at 90% and grows, PGF S.A. also distributes medical and rehabilitation equipment, herbs, dietary supplements, and cosmetics.

The company also offers additional services, including support at all management levels provided to pharmacies, as well as a number of sales and marketing tools for suppliers.

PGF S.A. publishes the 'Bez Recepty' magazine for its trading partners. Targeted at pharmacy owners and employees, it contains industry updates, advice on disease prevention and healthy lifestyles, feature stories, as well as music and book reviews.

A key element that strengthens PGF S.A.'s competitive advantage on the market is the continuous improvement of the company's logistics processes, in an effort to bring the relations between manufacturers, pharmacies, and patients to a higher level, ensuring smooth cooperation supported by modern solutions. The gradual automation of warehouse processes, including modern sorting and picking lines, not only improves efficiency, but also reduces the risk of error and significantly accelerates the delivery of drugs to pharmacies, especially for fast-moving inventory items. Optimisation of logistics is partly achieved through the implementation of new Internet-based solutions for order filling: the transaction systems are being modified to handle all orders from pharmacies online. The majority of orders placed by pharmacies are now forwarded to wholesalers via the Internet.

Such innovative solutions bring down operating costs, maximise shared profits, and protect the environment, also by reducing the amount of paper used.



An automated order picking machine for fastest-moving pharmaceuticals



More than
20 thousand
orders a day



about **25 thousand**
products in the portfolio



Approximately
1 million
drug packages
sold every day



24 Services
hours a day



Optimised network of
13 warehouses



Deliveries to more than
9 thousand
pharmacies



More than
600
suppliers

The company operates based on a GMP-certified quality management system, conforming to the Good Distribution Practice (GDP) guidelines, and is centrally supervised by the Quality and Pharmaceutical Supervision Department. The system covers, among other things, oversight over documentation and records, quality audits, training, as well as the receipt, storage, issue, and transport of products.



Sorting line in PGF's central warehouse

INNOVATION

PGF S.A. actively promotes professional advancement of the pharmaceutical sector through an interactive website for pharmacists, manufacturers and physicians – **pharmbook.pl**. The website serves both as a communication platform for the market participants, and a tool supporting purchasing processes. Its **efarmtargi.pl** section provides quick and easy access to the largest database of special offers and current promotional campaigns on the pharmaceutical market, and with the use of flexible sales models in wholesale pharmaceutical distribution PGF S.A. can offer attractive purchase terms to pharmacists. Online orders can be placed on a 24/7 basis. This model of cooperation also reduces the amount of printed promotional materials for pharmacies.



Examples of shared value

Activity	Value for the Company	Value for the stakeholders
Optimisation of logistics	<ul style="list-style-type: none"> • Cost savings (more effective resource management; higher efficiency) • More competitive offering • Lower risk of error in order filling and its negative consequences for the Company • Higher level of innovation • Positive effect on the Company image 	<ul style="list-style-type: none"> • Ensuring availability of drugs on the market • Shorter order lead times – fast order execution makes a pharmacy more attractive to patients and limits the necessity to maintain high stock levels • Higher safety for patients • Reduced negative environmental impacts • Higher quality of services provided to pharmacies and suppliers
Certified quality assurance systems	<ul style="list-style-type: none"> • Lower risk of failure to ensure proper quality of the distributed products and its negative consequences for the Company • Streamlined process management (division of responsibilities and duties among employees) • More competitive range of products and services and access to new markets • Cost reduction 	<ul style="list-style-type: none"> • Ensuring availability of drugs on the market • Higher product safety for patients • Lower risk of supplying products of inferior quality or posing a threat to patients' life and health • Reduced negative environmental impacts
Development of pharmacists' competencies in pharmacy management	<ul style="list-style-type: none"> • Positive impact on the financial standing of customers (secured demand for services provided by PGF S.A.) • Consolidation of relations with customers 	<ul style="list-style-type: none"> • Positive effect on the financial standing of pharmacies • Better availability of pharmacies for patients • Improved quality of pharmaceutical care services provided to patients by pharmacies
www.pharmbook.pl	<ul style="list-style-type: none"> • Easier contacts between a pharmacy and PGF S.A. • Positive effect on the financial standing of customers • Consolidation of relations with customers • Market development 	<ul style="list-style-type: none"> • Easier contacts between pharmacies and PGF S.A. • Development of professional competencies and easier access to information for pharmacists and physicians (which works to the advantage of patients) • Possibility of obtaining better purchase terms • A forum for communication and experience sharing between pharmacists, physicians and manufacturers • Development of pharmacy management competencies • Improved quality of pharmaceutical care services provided to patients by pharmacies

2013

In 2013, PGF S.A. continued its efforts of logistics processes. Despite the adverse market conditions, the company expanded its market share, achieved the target sales volumes, and recorded higher sales on the private pharmacy wholesale market, exceeding the market average by over 1 pp. The company also succeeded in maintaining high service quality while keeping its costs down.

Last year saw the completion of the company's restructuring process implemented over the recent years: Polska Grupa Farmaceutyczna - HURT Sp. z o.o. changed its name and legal form. Following its transformation from a limited-liability company into a joint-stock company, since August 1st 2013 it has traded on the market of wholesale to pharmacies as Polska Grupa Farmaceutyczna S.A. An earlier restructuring programme at the Pelion Healthcare Group, completed in 2011, involved moving the holding company's business lines to separate companies. The last stage of this process was a spin-off and transfer of operations related to wholesale to pharmacies to a subsidiary Polska Grupa Farmaceutyczna-HURT Sp. z o.o.

The company's subsequent transformation into a joint-stock company did not cause any interruption to its wholesale business or any changes to the terms of cooperation with pharmacies. It was yet another milestone in the company's dynamic growth story, and, at the same time, a symbolic return to an established brand, which has been known for more than 20 years and has always stood for high service quality.

In November 2013, as part of a process leading to subordination of all Pelion Healthcare Group wholesale companies to PGF S.A., PGF S.A. acquired 100% of shares in Pharmapoint Sp. z o.o., a wholesaler of pharmaceutical and medical products, operating primarily on the pre-wholesale market. The acquisition of Pharmapoint Sp. z o.o. was an intra-group transaction and is considered a long-term investment.

According to a survey of pharmacies conducted in 2013 by IMS Health, the portfolio of PGF S.A. was considered the best offering on the market in terms of the product range and availability.



Thanks to the automation of warehouse processes, a considerable portion of orders placed by pharmacies are executed without any human involvement.

Challenges and plans

In a short-term horizon, the overriding objective for the segment of wholesale to pharmacies is to focus all efforts on building a sustainable competitive advantage in the legal and market environment which now poses more challenges than in previous years.

In 2014, the performance of individual business lines, especially wholesale to pharmacies, will be affected by the further reduction of regulated wholesale margins on reimbursable drugs, which are to go down 1 pp in relation to 2013.

In order to ensure financing for PGF S.A.'s growth in the segment of wholesale to pharmacies, access to external sources of capital will have to be secured. One of the options under consideration is an initial public offering of PGF shares and their floatation on the WSE.



Jacek Wiśniewski
Sales and Distribution Director
at the Polpharma Group

A successful cooperation between a manufacturer and a wholesaler must be based on mutual trust and respect for core values. It is extremely important, since we are committed to conducting our operations in a socially responsible manner. Therefore, we look for business partners who share our values, mission and vision. Our motto is 'People Helping People', and Pelion's mission is 'I Care for Health'. When two such partners get together, nothing can go wrong. Our market is a challenging one, and a patient is always in the centre of our attention. When selecting trading partners, we need to be 100% sure that the products they purchase from us are stored, transported, and delivered to a patient in a proper manner.



High bay warehouse in Łódź

INNOVATION

More than 40% of sales are now handled with the use of **innovative sorting and picking lines**. Orders for most popular products are handled with hardly any human involvement, and it takes us only a few minutes to prepare delivery of life-saving STAT orders.



Every day, 1 million drug packages are dispatched from PGF's warehouses.



All orders executed by PGF are clearly marked and labeled.





Pharmapoint Sp. z o.o.



Buisness

Pharmapoint Sp. z o.o., incorporated in the fourth quarter of 2011 as part of the restructuring of the Pelion Healthcare Group, is engaged in wholesale of drugs, especially distribution of drugs to other wholesalers.

The company operates modern logistics facilities, ensuring proper storage of pharmaceutical products in various temperature ranges under 24/7 monitoring. Close cooperation with other companies, such as Pharmalink Sp. z o.o. and PGF S.A., in the area of logistics and distribution allows Pharmapoint to offer competitive terms to its customers.

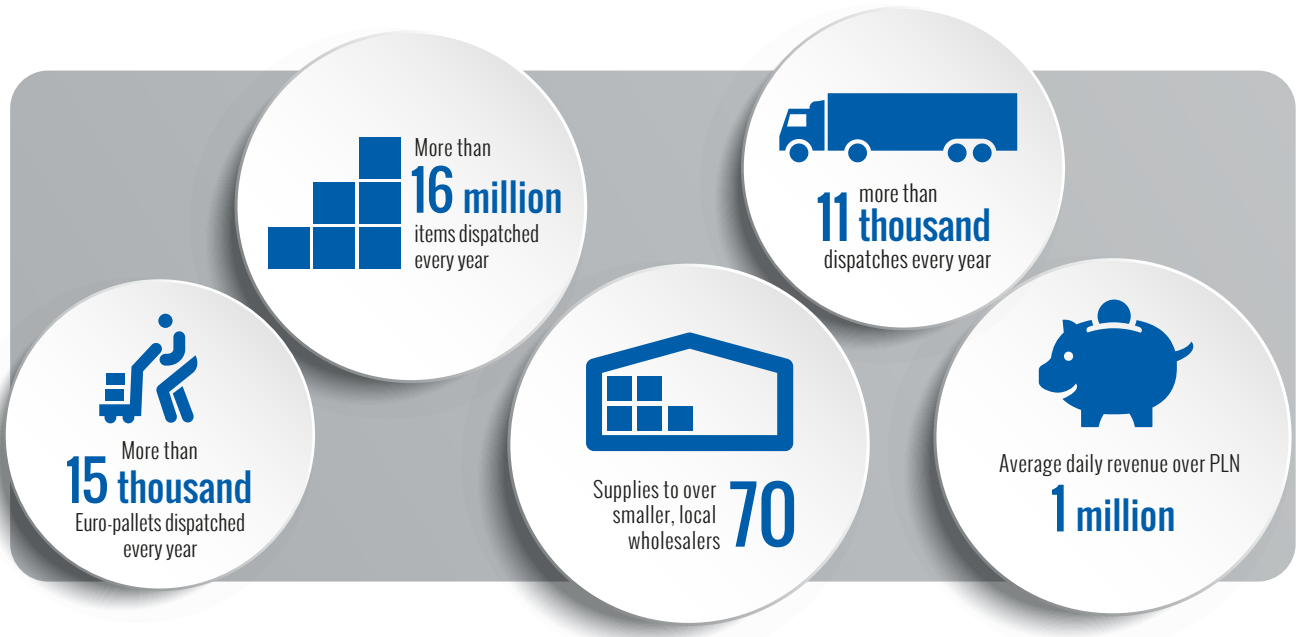
In addition to distribution and logistics services, including distribution on an exclusive basis, the company offers a whole range of sales and marketing services, which makes it a strategic partner for many manufacturers of pharmaceuticals. Pharmapoint also provides support services related to clinical trials.



Drugs distributed by Pharmapoint are stored within precisely defined temperature ranges.

Examples of shared value

Activity	Value for the Company	Value for the stakeholders
Modern logistics facilities ensuring proper storage of pharmaceutical products in various temperature ranges under 24/7 monitoring	<ul style="list-style-type: none"> • More competitive range of products and services and access to new markets 	<ul style="list-style-type: none"> • Improved safety of pharmacotherapy for patients
Development of sales and marketing services provided to manufacturers	<ul style="list-style-type: none"> • More opportunities for relationship with pharmaceutical manufacturers on an exclusive distribution basis 	<ul style="list-style-type: none"> • Higher availability of pharmaceutical products on the market
Cooperation with other Pelion Healthcare Group companies in the area of logistics and distribution	<ul style="list-style-type: none"> • Synergies increasing operational efficiency (including cost efficiency) 	<ul style="list-style-type: none"> • More attractive terms offered to trading partners • Reduced environmental impact through optimisation of logistics



2013

Last year, Pharmapoint worked on developing its portfolio of services offered to manufacturers and on improving its logistics.

A new consignment warehouse was opened in Poznań, which can accommodate nearly 3,000 pallets stacked up in high-bay racks, while the storage area of the company's warehouse in Łódź was extended by another 35%. 2013 also saw further development of exclusive distribution services to manufacturers, including not only standard logistics and distribution services, but also end-to-end marketing services and consulting support. The company also enhanced its offering of clinical trial support services with regard to product procurement and distribution process.

All those initiatives allowed Pharmapoint to sign new contracts and expand its customer base.

Challenges and plans

In 2014, Pharmapoint plans to further improve its distribution and logistics capabilities, to continue developing the exclusive distribution services offered to manufacturers and services related to clinical trials, and to engage in the search for and import of life-saving drugs which are temporarily unavailable in Poland. The company expects a further dynamic expansion of its consumer base on the pharmaceutical market and a considerable growth in the number of contracts signed with manufacturers for the provision of services from the new consignment warehouse in Poznań.



Marcin Tokarski
Logistics Specialist at Ewopharma AG

Quality control is a priority at each stage of the pharmaceutical product life cycle. Pharmapoint is a reliable partner, whose effective procedures, coupled with the application of state-of-the-art warehousing and transport technologies, give us comfort and certainty that our product will retain highest quality and all its properties.



Every year, Pharmapoint employees prepare more than 15 thousand Euro-pallets for dispatch.



BUISNESS LINES

HOSPITAL

SUPPLIES

PGF URTICA



Hospital supplies

PGF URTICA

PGF Urtica Sp. z o.o.



Business

The company was established in 1991 and its core business is in wholesale to hospitals and other healthcare institutions. It seeks to accomplish its mission through a continuous improvement of its services, monitoring of market expectations in that area, and focus on building long-lasting and stable relationships with trading partners.

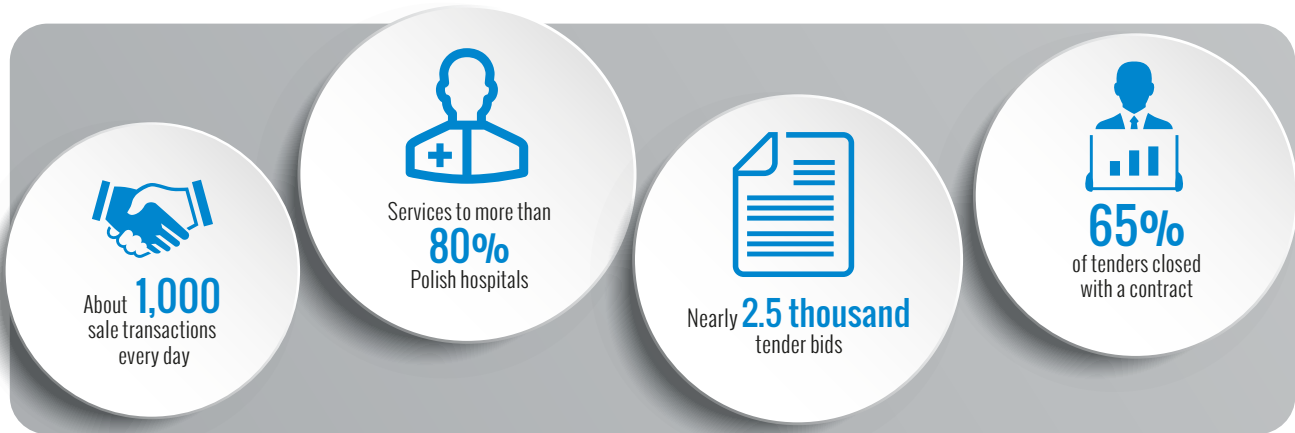
PGF Urtica Sp. z o.o. is one of the largest pharmaceutical wholesalers in Poland and the country's leading distributor of drugs to in-patient healthcare institutions. Its operations are based on five branch offices located in Wrocław, Łódź, Katowice, Poznań, and Lublin, and the central warehouse in Łódź. The company's customers are offered the widest selection of drugs currently available on the market.

Thanks to the specialised and extensive logistics network, PGF Urtica Sp. z o.o. is able to deliver drugs, transported under rigorously controlled conditions, within just a few hours from order placement to any place in Poland, including within six hours.

Company also offers financial support to hospitals in the form of short-term financing on favourable terms, thus helping improve their liquidity. It is an active contributor to the development of the hospital pharmacy network and is actively involved in the life of the pharmaceutical and hospital community. PGF Urtica organises training for its trading partners and regular scientific conferences, publishes the 'Farmakoekonomika szpitalna' ('Hospital Pharmacoeconomics') quarterly magazine, and has for years been involved in social initiatives.

Examples of shared value

Activity	Value for the Company	Value for the stakeholders
Provision of short-term financing to hospitals	<ul style="list-style-type: none"> Stimulating demand for the company's products and eliminating obstacles which impair hospitals' ability to purchase drugs 	<ul style="list-style-type: none"> More attractive terms offered to trading partners Improved financial liquidity of hospitals Eliminating threats resulting from interruptions in the supply of drugs to hospitals caused by their difficult financial situation Reduced environmental impact through optimisation of logistics
Publication of the 'Farmakoekonomika szpitalna' ('Hospital Pharmacoeconomics') magazine	<ul style="list-style-type: none"> Building and consolidating good relations with trading partners Improving the financial condition of hospitals 	<ul style="list-style-type: none"> Access to expert knowledge Development of pharmacoeconomics competencies, which may improve the cost structure and financial condition of hospitals
Continuous improvement of service quality	<ul style="list-style-type: none"> Building long-lasting relationships with customers Access to new markets Higher level of innovation 	<ul style="list-style-type: none"> Increasing the operational efficiency of hospitals Higher safety of treatment offered by hospitals to patients



2013

In 2013, PGF Urtica was faced with the need to adjust its organisational structure to the new market requirements. Despite the evolving environment, it was able to defend its strong market position, recording a similar success ratio in winning tenders as in 2012.

The company's 2013 revenue was up approximately 8% on 2012, which was attributable chiefly to the focus on core business, an extensive and competitive portfolio of products, strong logistics base, the scale of operations, and over 20 years of experience on the market. In the area of Financing Programmes for inpatient healthcare institutions, the company focused primarily on improving the financial and debt collection efficiency by maintaining and reinforcing good relations with the institutions participating in the programmes. It also introduced major changes to the Financing Programmes to bring them in line with the changes resulting from the Act on Medical Activities of April 15th 2011, which provided for the transformation of public healthcare centres into commercial companies.

In 2013, PGF Urtica developed and implemented Customer Service Standards, which standardised and improved the level of customer service. It also held 800 hours of training to develop its employees' skills, including a Business Ethics training for sales representatives. Work was also commenced on the underlying assumptions and specifications of a web application for an employee performance appraisal system. The company launched a new telephone centre to enhance its performance of the helpline agents, improved the financial product management system, and implemented a new workstation management system.



Agnieszka Osińska

Head of the Management Board Office and Spokesperson of Dziecięcy Szpital Kliniczny im. prof. A. Gębali w Lublinie (Prof. A. Gębala Children's Hospital in Lublin)

The 'Urtica for Children' event has become a permanent fixture in the calendar of the Children's Hospital in Lublin. The workshop is a memorable experience not only for the little patients at the Children's Haematology, Oncology and Transplantation Clinic, but also for other patients and their families. For the past four years, we have encouraged all children treated at our hospital to participate in the event. On the one hand, our youngest patients have lots of fun and can forget about their condition, even if only for a while. At the same time, however, they learn a valuable lesson about solidarity and cooperation, helping other children who fight with serious diseases, pain and suffering. They learn that you can help others by sharing your work and artistic skills.



Customers of PGF Urtica can always count on the professional assistance and comprehensive support from helpline agents.

CSR INITIATIVES

Dating back to 1997, 'Urtica Dzieciom' ('Urtica for Children') is a project supporting 17 children's oncology and haematology wards in hospitals across Poland. In 2013, we organised the 'Sunny Gallery' art workshop, to help mitigate the negative effects of long-term hospitalisation on the little patients. The children's works were later sold at the 16th charity auction in Wrocław, an event that has become a permanent fixture in the calendar of the pharmaceutical and business community. The record-breaking proceeds of just under PLN 100,000 were allocated to the purchase of medical equipment, toys and teaching aids, which will make the children's stay in hospital a more enjoyable experience. The 'Dbam o Zdrowie' Foundation is our partner in this event.



The art workshop, part of the 'Urtica for Children' project, helps little patients forget about their condition, if only for a while.



The Head office of PGF Urtica in Wrocław

Challenges and plans

PGF Urtica plans to adjust its business to the changing operating environment, especially through further service quality improvements, cost reduction, and investments aimed at building a sustainable competitive advantage. The company's goal for 2014 is to increase its market share while maintaining high profitability of sales. As part of an effort to continuously improve the quality of supplied products and services, the company's plans for 2014 include implementation of a complaints handling system and a web application for an employee performance appraisal system.



With its strong logistics base, Urtica is always able to deliver drugs quickly to any place in Poland, even within 6 hours from order placement.



Danuta Konieczna,
Hospital Pharmacy Manager, Dolnośląskie Centrum
Transplantacji Komórkowych z Krajowym Bankiem Dawców
Szpiku (Lower Silesian Center for Cellular Transplantation
and National Bone Marrow Donor Registry)

Our relationship with Urtica dates back to early 1990s. As far as I know, Urtica is the only wholesaler supplying products to hospitals only. Due to the specific nature of their operation, hospitals are a very difficult client: a drug, which is often extremely hard to find and expensive, must be delivered within a few hours to a place hundreds kilometres away from the warehouse. However, this is never a problem for Urtica. It is all about the people at Urtica, both the company's management and, perhaps even more importantly, the representatives who contact the pharmacy directly; it is all about their reliable, professional, and patient-oriented approach to work. Cooperation with a wholesaler like Urtica goes beyond a mere performance of the contract. It gives us satisfaction and pride, because we are helping those in need, our patients, whose life is often at risk.



drogie

promocje

preparaty sezonowe

preparaty sezonowe

katar i alergo

katar i alergo



BUISNESS LINES

RETAIL



Retail

CEPD N.V.

Corporation of European
Pharmaceutical Distributors

Corporation of European Pharmaceutical Distributors N.V.



Business

CEPD N.V. is a holding company registered in the Netherlands, established specifically for the purpose of developing a retail distribution network for pharmaceutical products across Europe. It centralises all core processes related to retail sales management, from relationship with suppliers, through deliveries to pharmacies, to the pricing policy and sales support.

The company operates on its target markets through local subsidiaries: DOZ S.A. in Poland and UAB NFG in Lithuania. CEPD's distribution model is based on multiple channels, with pharmaceuticals sold through a country-wide network of pharmacies and a web portal. CEPD N.V. is currently one of Europe's top five players on the retail pharmaceutical distribution market.

Poland

Through the Polish subsidiary DOZ S.A., CEPD N.V. manages Poland's largest and one of Europe's largest pharmacy networks under the *Apteka Dbam o Zdrowie* brand. The network comprises own pharmacies (approximately 600), franchised pharmacies (approximately 300) and partner pharmacies (approximately 200) – about 1,100 pharmacies in total as at the end of 2013. As a result, pharmacies under the orange *Apteka Dbam o Zdrowie* logo can be found throughout Poland, in large cities and shopping centres, smaller towns, and villages.

Under the strategy adopted by DOZ S.A., the company's pharmacies build their sustainable competitive advantage on the market based on professional pharmaceutical care, including the commitment to promoting disease prevention, an extensive portfolio of products and services, attractive prices offered to patients, and patient-friendly organisational solutions in line with the motto: 'Patient in the Centre of Attention'.

As the pioneer and active promoter of pharmaceutical care in Poland, the company is consistently increasing the number of pharmacies that conform to a single standard. A major distinguishing feature in the portfolio of the *Apteka Dbam o Zdrowie* pharmacies are programmes dedicated to selected groups of patients, especially to those in personal and financial difficulties, offering the purchase of drugs and certain other products on preferential terms. DOZ S.A. engages in projects that popularise knowledge in the areas of medicine, pharmacy and disease prevention. Among other initiatives, the company publishes the 'Dbam o Zdrowie' bimonthly promoting a healthy lifestyle. The magazine is distributed free of charge in the *Dbam o Zdrowie* pharmacy chain, and is also available at Empik bookstores and Inmedio news stands. Through its subsidiary DOZ.PL, CEPD N.V. manages the www.doz.pl website, which also features an online pharmacy.



Network of
1,100

Apteka Dbam o Zdrowie
pharmacies in Poland

Approximately **480**
Gintarine Vaistine, Norfos Vaistine
and BVG pharmacies in Lithuania

Poland's largest
website devoted to health



www.doz.pl,
plus an online
pharmacy
in Lithuania at
www.vaistine.lt



4 million
patients served by the company's
own and franchised pharmacies
in Poland and Lithuania
every month

Apteka Dbam o Zdrowie pharmacies – Poland's largest pharmacy network
Gintarine Vaistine and **Norfos Vaistine** – leaders of Lithuania's pharmacy market



● Apteka Dbam o Zdrowie pharmacies ● Gintarine Vaistine ● Norfos Vaistine



Sławomir Frącz
Apteki Dbam o Zdrowie pharmacies

A pharmacist is a profession of public trust – and we cannot disappoint our patients, who put their trust in us and in our expertise. Under the principles of pharmaceutical care, pharmacists participate both in treatment and in education of patients. We are responsible for providing information and for caring not only for our patients' health but also for their financial situation. We are what you call a frontline service, because patients usually go to a pharmacy first to find out more about a given drug. This is particularly true with regard to information about cheaper substitutes, thanks to which elderly people who cannot afford expensive drugs may buy cheaper ones and start the treatment, which, in the end, is what matters most.

INNOVATION

doz.pl is Poland's largest and most advanced health-related website, combining expert knowledge on disease prevention and pharmaceutical and medical care with the largest portfolio on the market of more than 20 thousand products offered at affordable prices. Doz.pl is a guarantee of safety for patients and fast delivery, and offers free pharmaceutical advice and medical consultations. The website is unique in that it combines online sales with a country-wide network of traditional pharmacies: an order placed online may be picked up at a selected pharmacy anywhere in Poland. All deliveries are free, which means that the prices of drugs ordered online are among the market's lowest. More than 5 million users visit the website every month, using both traditional desktop computers and mobile devices.



Lithuania

In Lithuania, retail sales are handled by a local operating company UAB NFG, controlling approximately 320 own and franchised pharmacies under the Gintarine Vaistine and Norfos Vaistine brands, and nearly 160 BVG partner pharmacies. In addition, UAB NFG also distributes pharmaceuticals to hospitals and wholesalers.

Basing on the experience of DOZ S.A., our offering on the Lithuanian market has been developed to include unique sales and marketing programmes aimed at improving the availability of drugs for selected target groups, such as young mothers and their kids (the *Mazylio* programme) or people suffering from cardiovascular diseases (the *Cardio* programme). The Gintarine Vaistine pharmacies, together with the SEB bank and four other large Lithuanian retail networks, also offer the *Milimausia* loyalty scheme, which is widely popular among patients. In line with the business model implemented on the Polish market, the sale of drugs in traditional pharmacies is combined with online sales.

INNOVATION

vaistine.lt is a modern online pharmacy, accessible via desktop computers and mobile devices. Patients can order products (including prescription drugs) online and collect them at a Gintarine Vaistine or Norfos Vaistine pharmacy of their choice. Under such a model, the company can offer one of the lowest drug prices on the market. Alternatively, all products available at the online pharmacy can be delivered directly to the patient's home.



Just as the pharmacies in Poland, Lithuanian pharmacies offer the highest standard of service and pharmaceutical care to their patients.

Examples of shared value

Activity	Value for the Company	Value for the stakeholders
<p>Compliance with standards of pharmaceutical care in relations with patients and highest quality of services provided at pharmacies</p>	<ul style="list-style-type: none"> • Building customer loyalty, including emotional ties with the brand 	<ul style="list-style-type: none"> • Improving the effectiveness of treatment, which is a starting point for solving a number of social problems and for building sustainable company value from the investors' perspective
<p>Online pharmacies available at www.doz.pl and www.vaistine.it, offering drugs and their free delivery</p>	<ul style="list-style-type: none"> • Strengthening the company's position on a new, fast-growing market (online drug purchase) • Growth of the retail market where the company can sell products at lower cost, which translates into higher operational efficiency 	<ul style="list-style-type: none"> • More convenience for patients • Lower cost of treatment • Positive effect on the natural environment through optimisation of order execution processes (both on the part of a pharmacy and a patient)
<p>Investments in new warehouses</p>	<ul style="list-style-type: none"> • Higher efficiency of logistics, leading to lower costs • More attractive and competitive offering • Higher level of innovation • Reinforcement of the company's image as a modern business that sets new standards 	<ul style="list-style-type: none"> • Increased availability of drugs at pharmacies, also by reducing order lead times • More effective management of funds entrusted by investors • Higher safety of pharmacotherapy offered to patients through tighter control over logistics processes • Positive effect on the natural environment through optimisation of order execution processes
<p>Promoting knowledge on pharmacy, health and healthy lifestyles</p>	<ul style="list-style-type: none"> • Good starting point for communication and for highlighting key values behind the brand's success on the market • Building the loyalty of patients and the pharmacy community based on long-lasting relationships • Higher demand for products offered by the company driven by patients' increased awareness of the need for and availability of pharmacotherapy 	<ul style="list-style-type: none"> • Raising awareness of the importance of a healthy lifestyle • Improved safety of pharmacotherapy due to patients' increased awareness of the proper administration of drugs • Bringing certain social problems to the attention of stakeholders • Improved overall health condition of the society

2013

Poland

2013 saw major changes at DOZ.S.A., both in terms of the programmes for patients and relations with pharmacies and hospitals, and the company's operations and cost optimisation. With the changes taking place in the legal environment, a clear interpretation of the new legal regulations on pharmacy advertising was made difficult, and therefore the company decided to temporarily suspend its Pharmaceutical Care Programme and certain other programmes operated by DOZ S.A. The supervisory authority decided that those programmes were implemented at certain pharmacies in contravention of the ban on pharmacy advertising (based on broad interpretation of the applicable regulations) and imposed a financial penalty on the company. In an effort to make its offering to patients more attractive, DOZ S.A. introduced discount coupons containing health-related advice (included on the initiative of pharmacists).

2013 was the Seniors' Year at the Pelion Healthcare Group. The pharmacies participated in an information campaign 'Informed Patients Pay Less', run as part of the 60+ Project to draw public attention to the problem of overpaying for pharmaceutical products. Actions taken to provide easier access to drug therapy to seniors are not the only example of the company's attention to that category of patients. With the elderly and the disabled patients in mind, most pharmacies have access ramps to provide mobility aids and ensure easier access to a pharmacy without the need to ask for help. In mid-2013, the company issued the first 'Lider Zdrowia' ('Health Leader') bulletin for the employees of DOZ S.A. and pharmacies, and in November 2013 it organised the 1st Franchise Forum for pharmacists cooperating with the network on a franchise basis. The event was held in Serock and was attended by more than 500 pharmacists. DOZ S.A. also became a member of the Polish Franchise Organisation (PFO). Membership of the PFO is a proof of the company's reliability and trustworthiness, as it is restricted only to those franchisors who meet the highest business standards and respect the principles of business ethics, and whose franchise agreements comply with the European Code of Ethics for Franchising. Due to the dynamic development of the www.doz.pl website, the company decided to transfer the website from DOZ S.A. to a spin-off company DOZ.PL. In 2013, the website was visited by nearly 3.5 million unique users. According to the Megapanel Gemius survey of January 2014, www.doz.pl made it to the list of Poland's 10 largest e-commerce websites. As the website expanded, it was also adjusted to the needs of smartphone and tablet users through the launch of a mobile application.

Bearing in mind the expected competition on the pharmacy market, DOZ S.A. introduced a new pricing policy in the fourth quarter of 2013. Just as in the previous year, the company kept operating costs under tight control, which resulted in their considerable reduction.

Lithuania

In 2013, the UAB NFG Group strengthened its position in the retail segment, which was a noteworthy success considering the significant consolidation of the Lithuanian market (with 75% of the market controlled by four major players). The value of the retail segment rose 19% on 2012, while the value of the entire market grew 8%. On top of that, the market share of the Gintarine Vaistine and Norfos Vaistine pharmacies in terms of sales of prescription drugs increased to nearly 20%. The company designed and implemented a number of sales programmes focusing on individual market segments, most notably the 'Cardio', 'Oncology' and 'Psychiatry' programmes. In addition, the 2013 flu epidemics boosted sales in the 'Flu' segment, while investments in self-service pharmacies, new high-quality products, and targeted promotions translated into a considerable sales growth in the 'Non-drugs' segment.

Online sales via the www.vaistine.lt website also grew significantly. The company launched a mobile application for patients, a new e-learning platform for pharmacists, and a pilot project involving automated order placement for pharmacies.

In 2013, UAB NFG started building a new logistics centre with an area of 9,600 square metres near Kaunas, in direct vicinity of the Vilnius-Klaipėda motorway. The new warehouse will replace the existing facility located in the centre of Kaunas, whose capacity has become insufficient. The new facility will also house the head office of UAB NFG, replacing three locations used at the moment.

In 2013, as one of only four organisations from around the world,

DOZ S.A., a CEPD N.V. group company, was certified to the **Global Standard for Workplace Gender Equality** by the Gender Equality Project (GEP) Foundation of the World Economic Forum in Davos.

CSR INITIATIVES

Challenges and plans

The main strategic goal of CEPD N.V. is to further develop its European retail sales network for pharmaceuticals. In the coming years, the company's focus will be on expanding operations in its existing and new European markets, and on building sustainable value based on synergies derived from cooperation with other business lines and economies of scale.

Poland

DOZ S.A.'s strategic goal for 2014 is to improve its operating profit. Considering that franchising is the second most important area of development for the *Dbam o Zdrowie* pharmacy chain, DOZ S.A. also plans to reverse the negative trend of contraction of its franchise network, which started in 2012, and to further improve the quality of work and customer service at pharmacies.

Lithuania

The plans of UAB NFG for 2014 include further growth of the company's sales and market share, including through a dynamic growth in the sales and services provided via the www.vaistine.lt website. Mid-August will see the opening of the new warehouse. In the future, this project will allow the company to significantly improve the efficiency of its logistics processes, expand into new markets, and extend relationships with manufacturers, with a view to improving the availability of products at pharmacies and increasing revenue from sales to manufacturers.



Interior of an early 20th-century pharmacy exhibited at the Pharmacy Museum in Łódź.

Cultivating the Polish pharmacy traditions (Pharmacy Museums and monographs of pharmacies)

Established in 2008, the **Jan Muszyński Pharmacy Museum in Łódź** is the product of a joint effort of and support from the pharmaceutical community, universities, and scientific centres, as well as Pelion employees. The Museum, housing a collection of unique pharmacy artifacts, serves as a venue for meetings of school and university students, scientific sessions, lectures, and thematic exhibitions, devoted to the history of pharmacy. In 2013, visitors could attend lectures such as 'Pharmacists in the 1863 Uprising' (commemorating the 150th anniversary of the January Uprising in Poland), 'Women in pharmacy at the turn of the 19th and 20th century' (discussing the achievements of women in pharmaceutical studies), or 'Raspberries in pharmacy and in poetry'.

Once again, the Museum opened its doors wide to all visitors during the 2013 Long Night of Museums, presenting the exhibition 'Cold water equals health – water in disease treatment, hygiene and personal care', with items loaned by the A. Leśniewska Pharmacy Museum of Warsaw, Technical Museum of Warsaw, and **Pharmacy Museum of Lublin**. The exhibition also became part of the 'Rivers of Łódź' event organised by the Museum of the City of Łódź. In addition, the Museum organised the 50th anniversary event for graduates of the Pharmaceutical Department at the Medical University of Łódź, and took part in the 'Tuwim's Year' celebrations by organising an exhibition of works of artists representing the Amateur Artists' Association of Łódź and the Partnership for Aleksandrów Łódzki, entitled 'Inspired by the poetry of Julian Tuwim'. The exhibition was opened with a lecture on 'Herbs in Julian Tuwim's poetry'. In 2013, the Museum welcomed nearly 7 thousand visitors from 11 countries. Pelion is also the patron of the Pharmacy Museum of Lublin. In 2013, Pelion continued the publication of a **series of monographs devoted to the history of Poland's oldest pharmacies**, so as not to let those stories sink into oblivion. A monograph on the pharmacy in Myślenice is the 14th publication in the series 'Poland's most famous pharmacies'.



The Pharmacy Museum in Łódź often holds lessons on the history of Polish pharmacy.

pharmalink

TOYOTA

A white semi-trailer truck is parked on a paved surface. The side of the trailer features the 'pharmalink' logo in a teal and grey font. The truck is positioned in front of a white building with a dark doorway. The overall scene is brightly lit, suggesting an outdoor setting.

pharmalink

BUISNESS LINES

**SERVICES FOR
MANUFACTURERS**

Services for Manufacturers

pharmalink

Pharmalink Sp. z o.o.



Business

Pharmalink is a Polish logistics operator providing services to in-patient and out-patient healthcare institutions, wholesalers, and manufacturers. The company offers end-to-end logistics solutions, from monitored transport of products within a wide temperature range, through storage and services to wholesalers, to order picking and packaging.

Pharmalink stays true to its mission as a reliable and trustworthy partner providing integrated logistics services to the pharmaceutical industry, and takes care to maintain and continually enhance their quality through the validation of processes and vehicles, ongoing control and monitoring of conditions during transport, and timely deliveries. The company's entire logistics system complies with the requirements of the Pharmaceutical Law of September 6th 2001 and the Regulation of the Minister of Health on Good Distribution Practice of July 26th 2002.

The warehouses, cargo handling and temporary storage facilities, and consignment warehouses used by the company in its operations are either Pharmalink-owned or belong to other Pelion Healthcare Group companies. By leveraging the synergies derived from cooperation with the other business lines within the Pelion Healthcare Group, Pharmalink is able to develop direct distribution services to manufacturers, including storage and distribution of products directly to pharmacies for and on behalf of a manufacturer, partly with the use of the local infrastructure of PGF S.A.'s subsidiaries.

Pharmalink is the leader in the transport of drugs, medical products and wound dressings directly from pharmaceutical companies to customers. With its large fleet of vehicles and access to a country-wide distribution system, it can reach customers in any location in Poland within 24 hours, offering also express deliveries in life-saving cases and fast-track deliveries (within 12 hours). Optimisation of transport routes, as well as maximum utilisation of the vehicles' load capacities thanks to the synergies offered by cooperation with the other business lines of the Pelion Healthcare Group, help reduce the adverse environmental impact of its operations.

Pharmalink builds its unique competitive advantage also by employing innovative solutions to guarantee highest quality and safety of transported products.



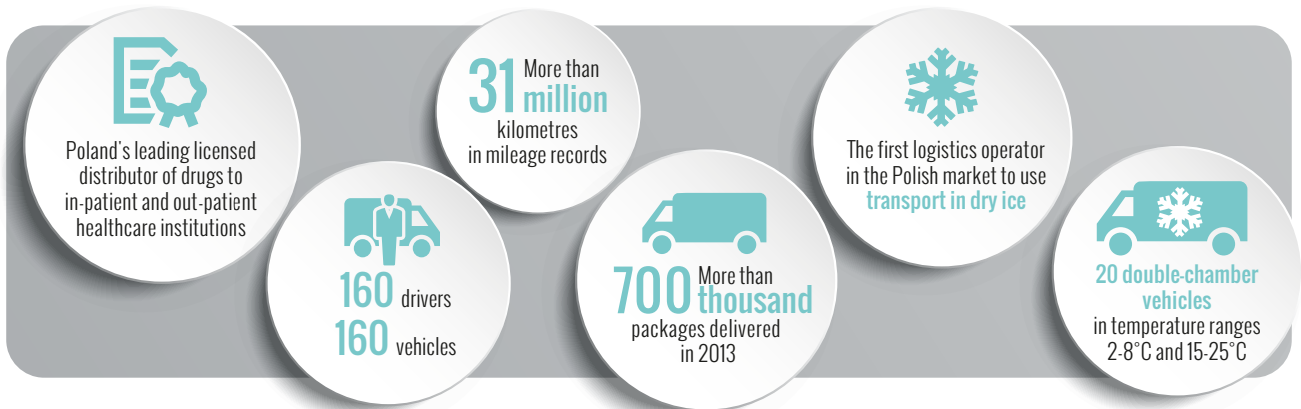
Wiesława Stefaniak

President of the Pharmalink Management Board

When choosing a logistics operator for the transport of pharmaceuticals, companies focus on the service provider's specialisation and experience in the pharmaceutical industry, since the transport of medical products has its own specific rules. All vehicles must meet the requirements that ensure compliance with temperature limits and must be equipped with appropriate systems to monitor the temperature along the entire transport route. Other key factors include the fleet size, delivery capacity, delivery times, and a strong logistics base, which is crucial for the time and efficiency of deliveries. Our company meets all those requirements and guarantees top service quality in line with the Good Distribution Practice.

The company was the first logistics operator in Poland to use dry ice and cold chain transport (in the temperature range from 2°C to 8°C), based on the use of special-purpose vehicles fitted with isothermal containers and temperature-control equipment, which guarantee highest safety of transported products. During transport, temperature is controlled by electronic recording equipment, which comes with calibration certificates and its own unique serial numbers to ensure quick identification. Pharmalink was also the first operator in Poland to use the GPS system in all its vehicles for ongoing control of temperature conditions during transport. As a result, the risk of product quality deteriorating is minimised. The system is also used to manage the fleet and improve the safety of both cargo and the drivers.

Through the *Dbam o Zdrowie* pharmacy chain, Pharmalink offers a comprehensive package of marketing services for the marketed products. Using the expertise of the entire Pelion Healthcare Group, the company can also support its customers by providing business consultancy services.



Examples of shared value

Activity	Value for the Company	Value for the stakeholders
Cooperation with other business lines	<ul style="list-style-type: none"> • Optimisation of logistics • More competitive offering thanks to the broader scope and availability of the services 	<ul style="list-style-type: none"> • End-to-end support offered to trading partners at all stages of the distribution process • Reduced environmental impact through optimisation of logistics (especially transport services)
Implementation of innovative temperature-control systems during transport	<ul style="list-style-type: none"> • Bore attractive offering • Access to new markets • Reinforcement of the company's image as a modern company and industry leader 	<ul style="list-style-type: none"> • Guaranteed quality of pharmaceuticals during transport, reducing potential risks to the manufacturer's reputation and increasing the safety of patients

2013

In 2013, the company reported higher sales of services, both in terms of revenue and the number of executed orders and delivered packages. It worked on further developing its portfolio of dedicated services, direct distribution, and contracts offered to third-party customers, and on the management of the consignment warehouse opened in Sosnowiec in 2012.

The plans also include opening of new handling and temporary storage facilities in Poznań and Szczecin. In 2014 Pharmalink will also standardise the system of settlements with other Pelion Healthcare Group companies and with third-party customers, and will perform validation of its IT, storage and transport processes.

Challenges and plans

Pharmalink's long-term strategy assumes the company's further expansion on foreign markets, and focus on large-scale purchases and long-term contracts with payment guarantees. In 2014, Pharmalink will continue its efforts to win new business in the area of non-standard distribution. In a response to the rising quantities of transported items, the company plans to increase its operational area by using automated sorting systems.



Pharmalink transports drugs in controlled conditions, in line with the stringent requirements of Good Distribution Practice.

Other activities



Business Support Solution S.A.



Business

BSS S.A. provides comprehensive services in the areas of accounting and HR and payroll outsourcing, controlling, legal, tax and financial advisory, as well as consolidation and consulting.

The company comprises a team of over 300 professionals, including qualified auditors, ACCA-certified accountants, legal advisers, tax advisers, and accountants licensed by the Ministry of Finance to provide book-keeping services on a contract basis, with experience gained at the Big Four companies as well as at large BPO centres. The company generates value to its customers by maximising their operational security, limiting risks and ensuring savings in time, costs, and other resources. The legal, financial, and tax security package BSS S.A. provides to its customers is built upon:

- responsibility for the services provided (including security in the form of a high civil liability insurance cover),
- expertise of the company and its specialists,
- end-to-end support,
- lean management processes,
- up-to-date legal knowledge,
- customised solutions,
- advanced IT tools and data security.

2013

In 2013, the company developed its existing capabilities and actively searched for opportunities to expand into new service areas, such as finance and accounting process audits, IPO support, cooperation with local government entities and healthcare facilities, and international outsourcing.

The company worked on developing its cooperation with other Pelion Healthcare Group companies, by maximising synergies through efficient use of resources.

The strategy included operational optimisation projects within the Group, such as taking over further accounting, controlling, HR and payroll processes from DOZ S.A. and safe tax optimisation activities.

Also in 2013, financial data safety and internal control procedures were implemented. The group of specialists at BSS S.A. was expanded, and the company strengthened its relations with the media, which – by publishing opinions of the company's employees – reinforced BSS S.A.'s image as an industry expert. Furthermore, the company joined the Association of Business Service Leaders.

Challenges and plans

In 2014, BSS S.A. intends to continue strengthening its existing capabilities, expanding the scope of services provided, and building its domestic and international customer base. It also intends to intensify its cooperation with Pelion Healthcare Group companies, focusing on optimisation of current initiatives and processes, expanding tax optimisation to include new areas, and coordinating and supporting the key projects in Poland and abroad.



BSS S.A.'s employees provide professional business processes outsourcing services.

Examples of shared value

Activity	Value for the Company	Value for the stakeholders
Maximisation of security and limitation of risks in the areas covered by the company's service	<ul style="list-style-type: none"> • Creating demand for the services – building trust in the outsourcer as a supplier of advanced financial services • More competitive offering 	<ul style="list-style-type: none"> • Direct benefits to customers from lower risks in their operations • Indirect benefits to employees and trading partners of BSS S.A.'s customers, related to a lower risk that the market position or financial standing of the company they cooperate with will deteriorate
Development of services oriented towards process optimisation at the Pelion Healthcare Group	<ul style="list-style-type: none"> • Direct economic benefits from improved operational efficiency and lower costs 	<ul style="list-style-type: none"> • Benefits to investors, employees, and trading partners of the Group, related to its improved financial standing/better cost structure (i.e. savings from more efficient use of resources)
Implementation of electronic document circulation systems	<ul style="list-style-type: none"> • Direct economic benefits related to improved and faster transfer of information and more efficient use of resources 	<ul style="list-style-type: none"> • Benefits to employees and trading partners related to improved transfer of information • Environmental benefits from more efficient use of resources such as paper
Membership in the Association of Business Service Leaders (ABSL)	<ul style="list-style-type: none"> • Enhancement of competencies through access to up-to-date industry knowledge and experience sharing • Promotion of BSS S.A. among potential customers • Reinforcement of the company's image as industry expert 	<ul style="list-style-type: none"> • International promotion of the Łódź region, given the strong ties the company has with Łódź • Positive impact on the quality of services

INNOVATION

As part of the existing **Workflow system**, in 2013 BSS S.A. implemented an electronic document circulation system, which covers invoices for intra-group services at the Pelion Healthcare Group, as well as business trip orders and settlements. Also, improvements were made to the electronic circulation of employee timesheets, employees' leave requests, and electronic invoices for services provided by wholesale companies and other Pelion Healthcare Group companies. Development of the electronic document circulation system substantially contributes to improved efficiency of information flow, and is manifest in tangible cost savings for the company as well as reduced environmental impact.



Over 300 people work at BSS S.A.'s head office in Łódź.



ePRUF S.A.



Business

The company's purpose is to build the first private drug reimbursement system in Poland.

ePRUF's operating model is based on providing services to various entities, which consist in creating and managing private drug reimbursement plans. The greatest challenge for ePRUF S.A. is to promote, and ultimately to implement on a wide scale, pharmaceutical insurance products based on a private drug reimbursement system, developed in partnership with leading insurance companies. In exchange for a monthly premium, patients covered by such pharmaceutical insurance can receive partial or full reimbursement of the amounts spent on medication at participating pharmacies.

ePRUF S.A. focuses its activities on three areas:

- Initiation of and involvement in the development of drug products by looking for insurance companies that would be willing to offer and sell the product, and then contributing to the product structuring (preparing the formularies, estimating the risk).
- Organising a nationwide network of pharmacies to deliver services to the insurance beneficiaries.
- Insurance administration subsequent to product launch (settlements and checking the correctness and the quality of the service provided to the insureds).

INNOVATION

The **drug insurance** developed in partnership with the leading Polish insurer PZU Życie S.A. and launched in 2012, is a unique solution in the private healthcare market. Benefits under the insurance can be claimed using the *Karta Lekowa* drug discount card. The card entitles its holder to receive medication at a pharmacy for a price reduced by the amount of benefit to which the holder is entitled under the insurance policy.



Drug insurance provides relief to household budgets with respect to expenditure on pharmaceutical products.

Examples of shared value

Activity	Value for the Company	Value for the stakeholders
Implementation of the first drug insurance in Poland	<ul style="list-style-type: none"> • Increasing the company value by creating a new market segment • Guaranteed innovativeness of the products offered • Privilege of setting market standards for the products offered 	<ul style="list-style-type: none"> • Offering of drug insurances for products employers and employees • A sense of safety – persons benefiting from the drug insurance coverage do not need to worry about high costs of pharmacotherapy

2013

In 2013, ePRUF S.A. continued to develop its portfolio of insurance products. In cooperation with its strategic partner, PZU Życie S.A., the company added to its offering products based on a limited formulary, which are characterised by the lack of risk of anti-selection and therefore are suitable for selling as individual health insurances. At the same time, the company consistently worked on developing the products it launched in the previous years, which resulted, among other things, in a higher number of benefits paid.

CSR INITIATIVES

Besides its core drug insurance development activity, ePRUF is actively involved in efforts aimed at finding solutions to the problem of barriers faced by Polish senior citizens in their access to drugs. As part of the 60+ Programme, operated since 2010, a number of valuable educational initiatives have been launched to improve the elderly patients' awareness of available medication and medical treatments (The Social Educational Campaign for the Benefit of the 60+ Persons under the auspices of the Minister of Labour and Social Policy). The Company also publishes 'Magazyn 60+', the first large circulation (100 thousand copies) quarterly in Poland dedicated to senior people above 60 years of age.



The www.bankaktywnosci.pl website contains a nationwide base of events dedicated to senior people.



A pharmacy card is an excellent idea for a gift, helping us to express our care for the health of our nearest and dearest.



Karolina Bartoszek
President of the ePRUF Management Board

Introduction of drug insurances into the Polish market is to us a source of great satisfaction that another innovative product has been added to the Pelion Healthcare Group's portfolio. But it is more than that. The issue at stake is not just a new segment of the insurance market, but it is the more fundamental question of a significant change in the approach to costs of pharmacotherapy in Poland. Given that spending on healthcare continues to grow year by year, drug insurance products may soon find a permanent place in insurance companies' offerings. We, ePRUF, want to specialise in this area and to secure for ourselves the leading position in this market segment in the coming years.

Challenges and plans

The company's plans for 2014 include the market launch of new drug insurance products, in partnership with the PZU Group and with other insurance companies operating in Poland. Also, more R&D activity is planned, whose ultimate purpose is to improve the company's competence in risk management, creation of formularies and drug reimbursement systems, making statistical analyses, econometrics, or end-to-end treatment management. Another area of focus will be activities which could support other operations of the Pelion Healthcare Group companies, including in particular their marketing analytics.



The pharmacy cards offered by ePRUF S.A. can be used to buy products in pharmacies across Poland.



Business

The company specialises in debt management and supports its partners - both Pelion Healthcare Group companies and third parties - in credit risk management at all stages of their relationships with customers: from review of customers' financial standing and credit histories, through determining the amount of trade credit limits and monitoring the timeliness of payments, to assistance in debt discharge and enforced debt collection procedures. Farm-Serwis also offers debt trading and lending services to Pelion Healthcare Group companies and their customers.

2013

In 2013, Farm-Serwis continued to pursue a strategy focusing on detailed credit vetting of new customers and tight risk control with respect to existing ones. It further developed its cooperation with numerous credit reference agencies and made organisational changes that help optimise the supervision of payment and debt collection processes.

In spite of the difficult economic situation of numerous pharmacies, largely attributable to a number of disadvantageous changes in the legal framework, thanks to the measures taken by Farm-Serwis the pharmacies' past due receivables were contained at less than 10% (on an average annualised basis), a high interest collectability rate of over 90% was maintained, and impairment losses on doubtful debt remained unchanged relative to the previous year.

Challenges and plans

In 2014, the company plans to continue improving its surveillance of payment and debt collection processes, and to develop new IT systems and methodologies for reviewing payment histories and financial standing of entities that trade with the Pelion Healthcare Group and its customers. Farm-Serwis also intends to take steps aimed at acquiring new customers outside the Group.

Examples of shared value

Activity	Value for the Company	Value for the stakeholders
Focus on transparent and fair rules of conduct, respect for both the creditors (the company's customers) and the debtors, guaranteeing data security	<ul style="list-style-type: none"> Enhancing the probability for the Pelion Healthcare Group companies to maintain lasting relationships with clients Limiting the risk of damage to company image associated with an enforced debt collection process Greater chance of lasting relationships with third-party customers More attractive offering for third-party customers based on higher predictability and security of services 	<ul style="list-style-type: none"> Increased financial security for third-party customers Security of lasting relationships between customers and their trading partners, including their debtors Fostering good practices on the market with respect to enforced debt collection Security of external entities' data
Continuous improvement of the processes involving financial vetting of entities and supervision of payments and debt collection	<ul style="list-style-type: none"> Positive effect on the company's economic situation thanks to minimising the volumes of outstanding receivables, higher collectability of interest, etc. Improved attractiveness of the company to investors A more attractive offering to third-party customers thanks to higher effectiveness of the measures offered 	<ul style="list-style-type: none"> Increased financial security for third-party customers Limitation of risk to investors



Pharmena S.A.

PHARMENA is a biotechnology company which develops and commercialises state-of-the-art products based on 1-MNA – its patented physiological and natural active ingredient.

The company's business focuses on investments in research on new drugs to be used in the treatment of cardiovascular diseases and other disorders of the lipid profile, formulation and development of safe and revolutionary dermocosmetics, and marketing of an innovative food supplement designed to meet special nutritional needs in the prevention of atherosclerosis. The company is listed on the NewConnect Multilateral Trading Facility. In 2013, its revenue and profit were over 50% higher than in 2012.

Daruma Sp. z o.o.

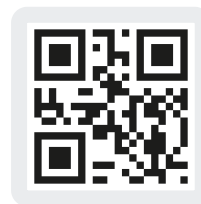
The principal business of Daruma Sp. z o.o. includes lease of property.

In 2013, Daruma managed a portfolio of 131 properties. One of the initiatives the company has been undertaking in recent years is the optimisation of energy costs at the facilities it manages. In 2013, the price of purchased energy was reduced by over 10% relative to that paid in 2012.

Innovations with patients in mind



Medme.pl is an innovative health and lifestyle service: a combination of a professional medical platform and a social media website, where users can exchange opinions, consult experts, and create communities. Based on an original thematic hub concept, Medme.pl is a reliable source of information on diseases, drugs, and latest methods of treatment. **The site has some 100 thousand unique users per month.**



Eubioco S.A.

Eubioco S.A. is a holding company which owns 100% of shares in Laboratorium Galenowe Olsztyn Sp. z o.o., whose core business is in the manufacture of a wide range of available formulas for medicinal products, cosmetics and dietary supplements.

In 2013, the company implemented a number of efficiency indicators for the primary areas of its business: manufacture, maintenance, quality management, sales, and human resources. Concurrently, the company worked on developing its sales capabilities for contract manufacturing. Throughout 2013, it launched 11 new products and forged new business partnerships. In 2014, Eubioco intends to continue developing its contract manufacturing services by expanding production capacities for both dry and wet processes.

Pharmauto Sp. z o.o.

The company manages the Pelion Healthcare Group's vehicle fleet, which comprised 319 passenger cars as at the end of 2013.

In 2013, the company successfully maintained a low accident ratio for the fleet and continued to replace fleet vehicles with more modern, fuel-efficient and environmentally friendly ones.

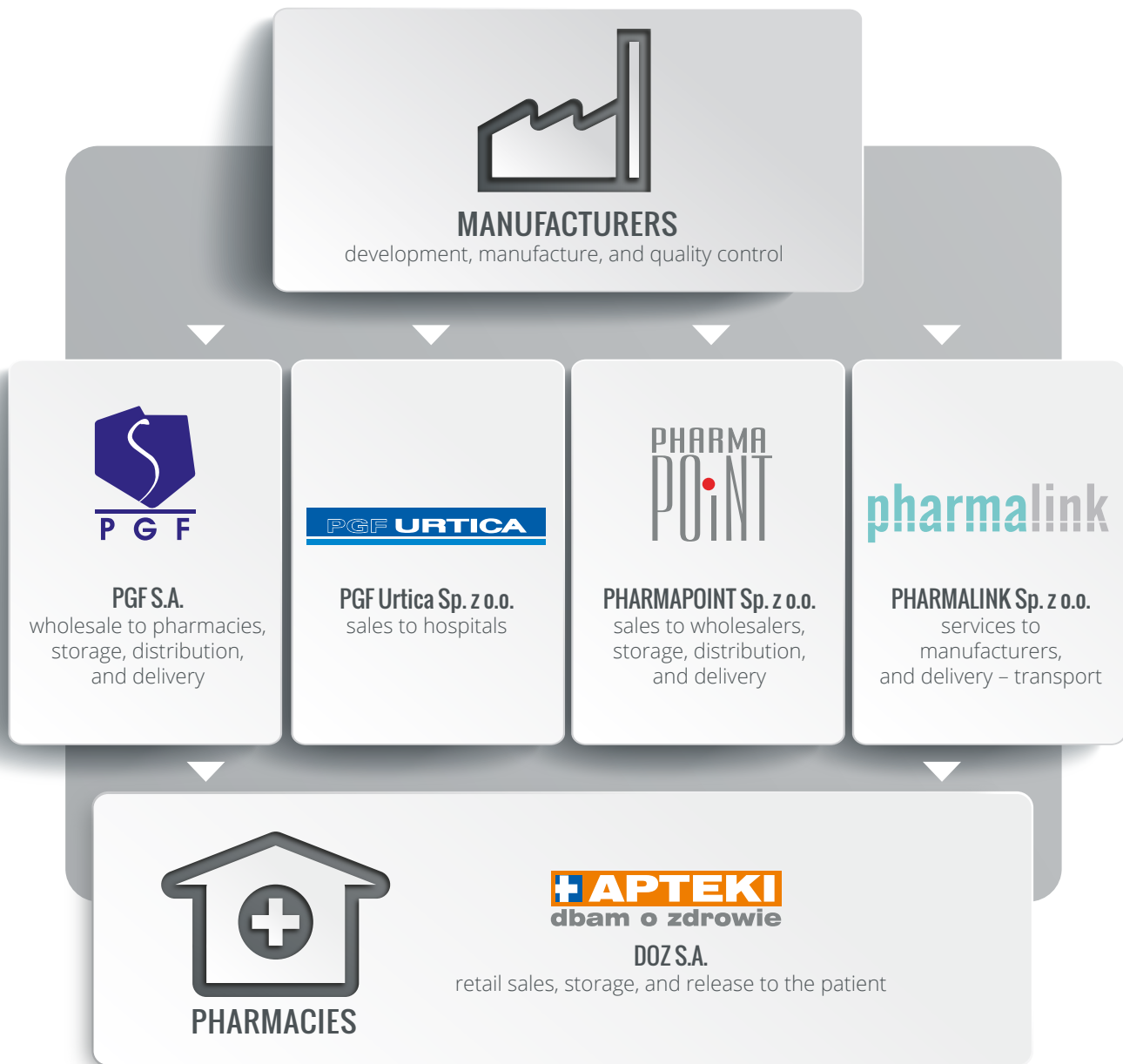


Appteka.eu is the first mobile application on the market for ordering of drugs and pharmacy products. In terms of functionality, it bears similarity to e-prescriptions used in some EU countries. It not only makes drug purchases easier, but also facilitates treatment, by allowing users to monitor the amount of drugs they use with the order history feature, it also provides information on less expensive generic drugs, and makes it possible to take advantage of attractive discounts. **At the end of 2013, the Appteka.eu mobile application had 70 thousand users.**



Product life cycle at the Pelion Healthcare Group

Involvement of Pelion Healthcare Group companies in the product life cycle¹



1. Product is understood as the pharmaceuticals distribution service provided by Pelion Healthcare Group companies.

Pelion Healthcare Group companies are active in the area of wholesale and retail trade in medicinal products, medical devices, foodstuffs for particular nutritional uses, dietary supplements, cosmetics, hygiene products, sick and baby care products, foodstuffs containing natural ingredients of plant origin listed in pharmacopoeias, and medical disinfectants admitted for marketing by pharmaceutical wholesales, as specified in Art. 72.5 of the Pharmaceutical Law.

Wholesale and retail trade is carried out by the Group through four business lines, represented by separate companies:

- Wholesale (PGF S.A., Pharmapoint Sp. z o.o.);
- Sales to hospitals (PGF Urtica Sp. z o.o.);
- Retail sales (CEPD N.V.);
- Services to manufacturers (Pharmalink Sp. z o.o.).

In the case of each product group, Pelion Healthcare Group companies are involved in the product life cycle at the storage, distribution and supply stages, and are subject to the Quality Management System based on the Good Distribution Practice requirements.

At each stage of the distribution process, products of each product group are handled in accordance with the following primary regulations:

- Pharmaceutical Law of September 6th 2001 (Dz.U. of 2008, No. 45, item 271),
- Act on Food and Nutrition Safety of August 25th 2006 (Dz.U. of 2010, No. 136, item 914),
- Medical Devices Act of May 20th 2010 (Dz.U. of 2010, No. 107, item 679),
- Cosmetics Act of March 30th 2001 (Dz.U. of 2001, No. 42, item 473; Dz.U. of 2013, item 475),
- Drug Addiction Prevention Act of July 29th 2005 (Dz.U. of 2012, item 124),
- Act on Reimbursement of Drugs, Foodstuffs Intended for Particular Nutritional Purposes and Medical Devices of May 12th 2011 (Dz.U. of 2011, No. 122, item 696),
- Biocidal Products Act of September 13th 2002 (Dz.U. of 2007, No. 39, item 252),
- Chemical Substances and Mixtures Act of February 25th 2011 (Dz.U. of 2011, No. 63).

With a view to ensuring that products are delivered to customers in a safe manner and that the quality required for their designated use is maintained, Pelion Healthcare Group companies:

- purchase products only after the required licences and authorisations have been verified and confirmed, and after the products have been entered in the Central Catalogue of Products,
- qualify suppliers and customers upon confirmation of the required licences and authorisations based on the Central Catalogue of Suppliers,
- thoroughly check compliance of the delivered products with the purchase documentation (the scope of information checked depends on the type of products, i.e. for medicinal products it includes details of the supplier, name and country of the manufacturer, product name, batch number and expiry date, and, where an official fixed price or wholesale margin apply to the product, the price), and the transport conditions,
- monitor storage conditions,
- monitor transport conditions.

Transport services (including transport of medicinal products) are provided in compliance with the following primary regulations:

- Road Transport Act of September 6th 2001 (Dz.U. of 2007, No. 125, item 874, as amended),
- Driver's Work Time Act of April 16th 2004 (Dz.U. No. 92, item 879, as amended),
- Road Traffic Law of June 20th 1997 (Dz.U. of 2005, No. 108, item 908, as amended),
- Public Roads Act of March 21st 1985 (Dz.U. of 2007, No. 19, item 115, as amended),
- Transport Law of November 15th 1984 (Dz.U. of 2000, No. 50, item 601, as amended).

Road transport safety is ensured by the monitoring of the following stages:

- product loading in accordance with the applicable procedure,
- transit along a controlled route,
- safety of the unloading location (only locations approved by the Main Pharmaceutical Inspector),
- product unloading in accordance with the applicable procedure,
- action taken in the case of failures or irregularities, remedial measures undertaken.

'Dbam o Zdrowie' Foundation

FUNDACJA
dbam o zdrowie



The 'Dbam o Zdrowie' Foundation focuses on helping individuals in personal or financial difficulties by financing their purchases of medicinal products and medical materials. It also conducts a wide range of activities related to health protection and lifesaving, including the support and implementation of health, educational and charity initiatives.

In 2013, as part of the 'Together We Can Accomplish More' ('Razem Możemy Więcej') project, as well as the 'Heart for Christmas' ('Serce na Gwiazdkę') and 'Painted with Hope' ('Malowane Nadzieją') initiatives which the Foundation has supported for a number of years, it provided assistance to 200 organisations. The Foundation had 41 patients (including 23 children) under its direct care, including patients suffering from chronic diseases such as cancer, cystic fibrosis, multiple sclerosis, aspergillosis, childhood cerebral palsy and autism, and accident victims.

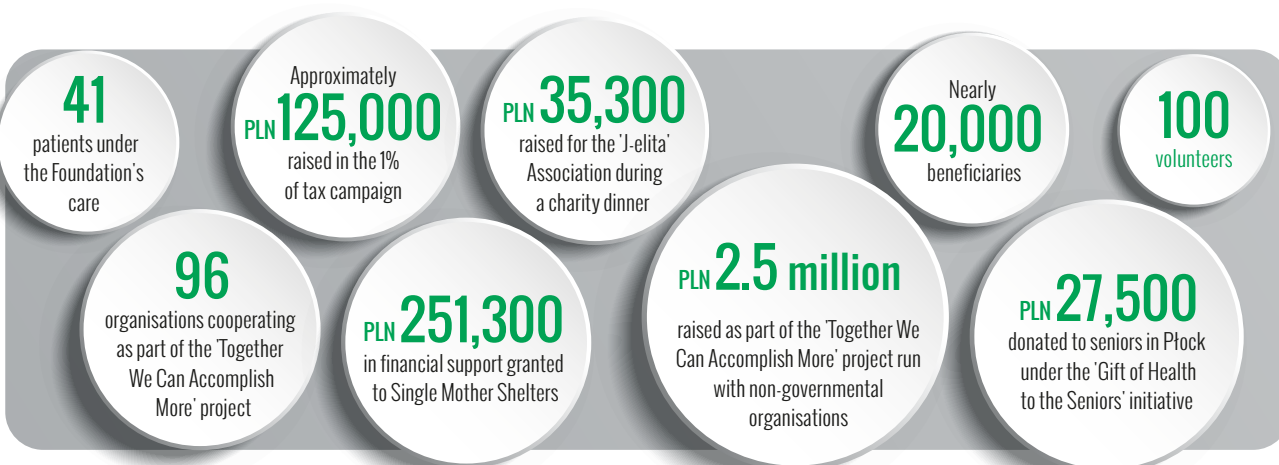
It carried out its activities with the help of approximately 100 volunteers.

The Foundation became a supporting member of the 'Donors' Forum' ('Forum Darczyńców') – an association of organisations, institutions and businesses which donate to various public benefit community initiatives. Members of the Forum took particular note of the 'Together We Can Accomplish More' project and the Grant Contest organised as part of it, as well as the Foundation's many years of support to Single Mother Shelters.



Elżbieta Łacina
Member of the Management Board
of the 'Dbam o Zdrowie' Foundation

The 'Dbam o Zdrowie' Foundation has been responsible for the Group's CSR projects for six years. Thanks to a stable financing system we can make long-term commitments, which is vital for the organisations that receive our support, since it is the continuity of collaboration that enables them to achieve tangible results of their social initiatives. We focus not only on providing aid where it is needed instantly – although it is also very important – but mostly on well-thought-out, transparent and long-term activities. The Foundation is also committed to promoting voluntary service, which is known to increase employees' job satisfaction.



'Gift of Health' and 'Together We Can Accomplish More' cards – designed to ensure even greater transparency

When granting financial aid to those in need, the Foundation employs tools ensuring that the benefactors' funds are used as intended, i.e. to purchase medicinal products and medical materials. These tools include the 'Gift of Health' and 'Together We Can Accomplish More' gift cards, which may be used only to purchase medication (excluding cosmetic products) at a pharmacy.



The 'Gift of Health' and 'Together We Can Accomplish More' gift cards are owned by more than 20,000 beneficiaries and help them pay for medication and medical products.

CSR INITIATIVES

1%

Since 2008, the 'Dbam o Zdrowie' Foundation has been included in the list of public benefit organisations which are entitled to receive support in the form of donations of 1% of personal income tax.

The theme of the 1% campaign in 2013 was: 'Some can only wish', referring to the problem of not being able to purchase drugs for financial reasons. The Foundation donated the campaign proceeds of PLN 124,701.50 to the Single Mother Shelters and patients identified by the benefactors.

Pay-roll

Pay-roll is a modern way of financing the Foundation's activities implemented on the initiative of the Pelion Healthcare Group employees. The Pay-roll system is addressed to persons who would like to support the Foundation's community initiatives but do not have the time to participate in projects that require greater involvement. Employees of all Group companies may place an instruction to transfer a specific amount deducted from their salary to the Foundation, and may also specify the intended use of the funds: either for the objectives defined in the Foundation's Articles of Association or as financial aid for specific beneficiaries. BSS has developed a system enabling efficient settlement of Pay-roll transactions, with each deducted amount shown on the payment slip. The Pay-roll system is very popular. In 2014, it is planned to be popularised among new employees, and other companies will be encouraged to participate in the project.

Pay-roll has been noted by the Responsible Business Forum in its Best Practice Report: 'Responsible Business in Poland. Best Practices 2013'.

'Become a Benefactor'

The 'Become a Benefactor' initiative is a programme developed in consultation with pharmacists to enable patients and employees of the *Apteka Dbam o Zdrowie* pharmacies to provide financial aid to the people under the Foundation's care by transferring to the Foundation – during shopping or online – the credits collected under the Pharmaceutical Care Programme, operated since the spring of 2013.

As in the previous years, thanks to the benefactors' support, the Foundation gave gifts to the youngest patients under its care as part of the 'Happy Children's Day' and 'You Can be the Santa Claus' projects. Employees of the Pelion Healthcare Group were involved in both projects.

The 'Become a Benefactor' ambassadors include Anna Cymmerman (an opera singer), Dariusz Stachura (a tenor singer), Tomasz Gołębiewski (the concertmaster of the Łódź Philharmonic), Piotr Pustelnik (a Himalayan climber), and judge Anna Maria Wesołowska.

COMMITMENT (2013-2015) -> continuation

To continue the 'You Can be the Santa Claus' initiative

- ✔ Gifts for children and higher number of employees involved

'Together We Can Accomplish More'

The 'Together We Can Accomplish More' ('Razem Możemy Więcej') project is designed to integrate and expand cooperation between non-governmental organisations and other entities operating in the healthcare and social welfare sector as part of joint efforts aimed at removing barriers in access to medication. Its flagship initiative is the Grant Contest, through which the Foundation provides financial support to nationwide and local projects addressed to people at risk of social exclusion who cannot afford to purchase medication and medical materials. In 2013, 74 organisations taking part in the programme provided financial aid in the aggregate amount of PLN 2.5m to approximately 20,000 beneficiaries.

The 'Together We Can Accomplish More' project has been noted by the Responsible Business Forum in its Best Practice Report 'Responsible Business in Poland. Best Practices 2013'.

COMMITMENT (2013 - 2015) -> continuation

To further develop the 'Together We Can Accomplish More' project



Increase of PLN 800,000 in the grant amount; cooperation with a larger number of organisations; and inclusion of the 'Łódź Maraton – Dbam o Zdrowie' marathon in the programme



Prize winners in the 2nd edition of the Grant Contest organised as part of the 'Together We Can Accomplish More' project. March 2013.

Support for Single Mother Shelters

The 'Dbam o Zdrowie' Foundation has provided assistance to Single Mother Shelters across Poland since 2009. In 2013, it supported 16 shelters, providing a home to 294 women and 300 children. The facilities received funds to purchase medication, medical and hygiene products and milk, with a total value of PLN 251,000, as well as toys, stationery, games and books for children, donated thanks to involvement of the Foundation's benefactors and volunteers. The initiative is supported by judge Anna Maria Wesołowska, Anna Cymmerman (a singer), and Jan Krzos (a guitar player).



Grażyna Cieślak

President of the Płock Branch
of the Polish Social Aid Committee

The most important things in helping others are the purpose of help, how quickly it can be provided, and its long-term nature. The 'Dbam o Zdrowie' Foundation, with its 'Together We Can Accomplish More' Grant Contest, meets all of these objectives. The cards allow us to immediately purchase the required medication for the persons under our care without the unnecessary formalities and the need to use own funds, which single women staying at our shelters do not have. We entered the contest for the third time. The project allows us to plan ahead, knowing that with the Foundation's support we will be able to help those in need. We used our partnership with the 'Dbam o Zdrowie' Foundation as an example of successful cooperation to invite other entities to get involved. For two years now we have applied for a grant together with three other organisations, because 'Together We Can Accomplish More'.

'Gift of Health'

The purpose of the 'Gift of Health' ('Podaruj Zdrowie') initiative is to help people in need pay for medicines and medical products. In 2013, as part of an initiative undertaken in Płock under the name 'Gift of Health to the Seniors', on just one day the Foundation received 175 requests from people seeking support. Financial aid totalling PLN 27,500 was transferred to 173 persons over 50 year of age. A meeting with a dietician, diabetologist, and a rehabilitation specialist was held at the town hall, devoted to disease prevention in people over 60 years of age.

The 'Gift of Health to the Seniors' initiative has been noted by the Responsible Business Forum in its Best Practice Report: 'Responsible Business in Poland. Best Practices 2013'.

Charity dinners

Charity dinners organised for four years jointly with the Pelion Healthcare Group are an opportunity for representatives of stakeholder groups to meet with the Management Boards of the Company and the Foundation and discuss joint activities for the benefit of people in need.

The dinner organised in December 2013 was dedicated to the 'J-elita' Polish Association Supporting People with Inflammatory Bowel Disease. The professional patronage of the event was held by Professor Adam Dziki, head of the General and Colorectal Surgery Clinic of the Medical University of Łódź. The event featured a special guest – Karolina Jarzyńska, a marathon runner. The invited guests participated in an auction of London Olympics T-shirts donated by Karolina Jarzyńska as well as artworks of visual artists associated with the Foundation for many years. The events of the evening also included a performance by Anna Cymmerman, an opera singer. The amount raised with the dinner guests totalled PLN 35,300, and was spent by the 'J-elita' Association on medical equipment. The theme of the charity dinners is 'How to Make Dreams Come True?' Famous travellers: Natasza Caban (sailor), Piotr Pustelnik (a Himalayan climber), and Tomasz Grzywaczewski (a traveller) spoke about their dreams and how they achieved them. During all dinners a total of PLN 102,000 was raised and transferred to various organisations.

Charity dinners have been noted by the Responsible Business Forum in its Best Practice Report: 'Responsible Business in Poland. Best Practices 2013'.

COMMITMENT (2013-2015) -> continuation

To continue the charity dinners project



fundraising dinner for the 'J-elita' Association



April 14th 2013: the 'Dbam o Zdrowie' Foundation Team took part in the 3rd edition of the 'Łódź Maraton – Dbam o Zdrowie' marathon under the slogan 'Together We Can Accomplish More'.



Magdalena Pękacka
Head of the Polish Donors Forum

In 2013, the 'Dbam o Zdrowie' Foundation became a member of the 'Donors Forum', which is an association of organisations that carry out their grant-giving activities in a responsible and transparent manner. By joining the Forum, the Foundation proved that it applies the principles of openness, transparency, effectiveness, and partnership. Our members consistently improve their knowledge, learn from one another, and share best practices with other organisations. An example of such initiatives is a catalogue of standards of conduct developed jointly by corporate foundations for areas such as mission and strategy development, relations with beneficiaries and grant-giving procedures, foundation teams, financing of corporate foundations' activities, their relations with the environment, measuring and assessing the effects of activities. The 'Dbam o Zdrowie' Foundation participates in seminars, workshop sessions and consultation meetings, during which it is actively involved in discussion, and shares its knowledge and experience with other foundations.



Representatives of the 'J-elita' Polish Association Supporting People with Inflammatory Bowel Disease accept a cheque for PLN 35,300 from the Vice-President of the 'Dbam o Zdrowie' Foundation. December 2013.

'Łódź Maraton Dbam o Zdrowie' marathon



'Łódź Maraton Dbam o Zdrowie' marathon is an international running event promoting a healthy lifestyle and modern approach to charity. The participants can run a full marathon – 42.195 kilometres – or join the accompanying 10K race.

The event also includes the Kids' Run, a 1.5 kilometre run for children, and the Breakfast Run' which covers the same distance and in 2013 was held under the auspices of the 'Dbam o Zdrowie' Foundation. Every year on the eve of the marathon, a family picnic is organised, during which all participants can get preventive check-ups, seek expert advice or take part in a number of workshops or presentations. The youngest guests can choose from a wide range of fun events and educational games.

The marathon's high organisational standards and its position as a sporting event were confirmed when it became the first race in Poland to receive the title of a Bronze Label Road Race, awarded by the International Association of Athletics Federations (IAAF). Only 47 marathons globally have received the IAAF's certification.

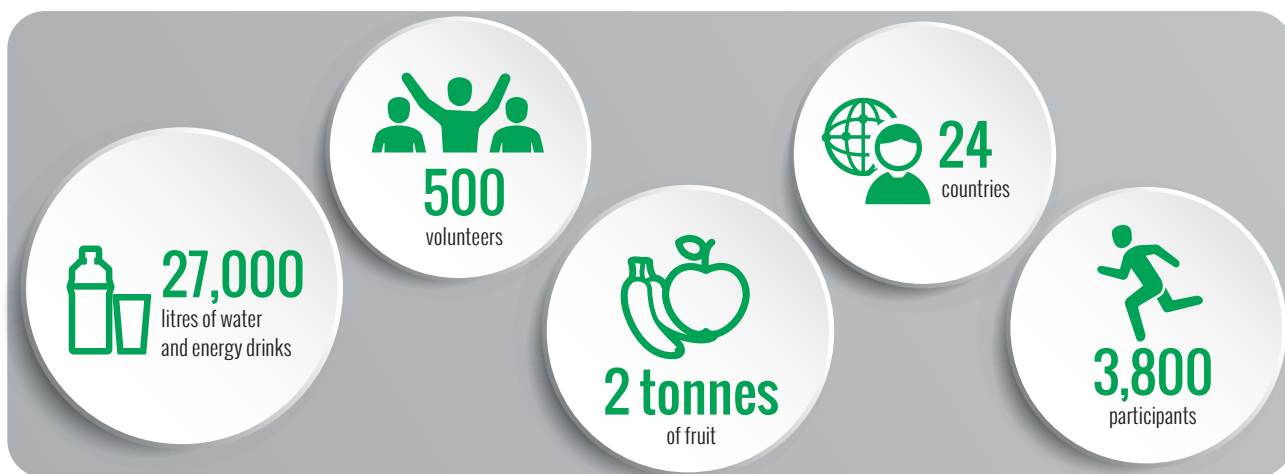
The event is organised by the Maraton Dbam o Zdrowie Association with help from volunteers.

2013

In 2013, 1,616 participants from 24 countries registered for the 'Łódź Maraton Dbam o Zdrowie', nearly 16% more than in 2012. At the same time, the number of runners in the 10K race increased by as much as 81%. In total, nearly four thousand runners entered the two competitions.

As in every previous year, some of the most successful runners from Poland and the world were seen at the 2013 starting line. Those included Karolina Jarzyńska, a famous athlete and Polish record holder for half-marathon, 5K and 10K runs. She completed the 42.195 kilometre run with a great time of 2 hours, 26 minutes and 46 seconds, only 37 seconds behind the current Polish record. Karolina Jarzyńska has been a holder of the 'Łódź Maraton Dbam o Zdrowie' scholarship since 2013.

Another purpose of the 'Łódź Maraton Dbam o Zdrowie' project is to promote a healthy lifestyle and proper cheering culture among children and young people. To this end, the Company launched the 'Cheer Champion' competition for schools, which encourages participants to submit their ideas for spectator areas organised along the route of the run. Twenty best contest entries were selected, and the winners received PLN 1 thousand to fund their design.





Marathons require months of preparation

The 'Dbam o Zdrowie' Foundation's Team is an informal training group formed by the organisers, whose main purpose is to prepare a team of runners for the 'Łódź Maraton Dbam o Zdrowie' marathon in line with a specialist training plan. The team members practice twice a week in three ability-based groups headed by professional coaches. Participation is free.

The **Łódź Maraton Dbam o Zdrowie Cup** is a series of five running events held over increasingly long distances – from 5 kilometres to 25 kilometres – designed to facilitate preparations for the main event. Points are awarded following every run, and runners with the highest scores receive a commemorative cup on the eve of the 'Łódź Maraton Dbam o Zdrowie' marathon.

The marathon's official website offers free **personal training programmes** accessible through the Motivato application, which include 15-week training schedules designed to help beginners and intermediate runners with their training.



The 'Łódź Maraton Dbam o Zdrowie' marathon enjoys active participation from Pelion Healthcare Group employees, who prepare spectator areas and compete in the race, raising funds for charities. In 2013, the marathon and the 10K run were attended by Pelion employees from all parts of Poland.



Bartłomiej Wojdak
Head of the Department of Promotion, Tourism and International Cooperation at the Municipal Office in Łódź

The 'Łódź Maraton Dbam o Zdrowie' marathon is in perfect tune with the city's objectives and strategies. Promoting sport-related initiatives is one of our priorities. We want to promote a healthy lifestyle among the local community and we support all initiatives focusing on sports and health protection. The marathon fits this profile perfectly. Given its international reach, the event attracts not only famous athletes and top runners, but also many tourists from all around the world. The route, planned out to perfection, is an excellent opportunity to showcase the city's monuments, old townhouses and abundant green spaces to the marathon's participants. All in all, this is a wonderful way to promote Łódź and its citizens.



Sławomir Wachowicz
Head of the Finance Department at BSS S.A.

This is the first time I took part in the 'Running to Help' initiative, but I am sure that my future appearances in the 'Łódź Maraton Dbam o Zdrowie' marathon will be dedicated to people under the care of the 'Dbam o Zdrowie' Foundation. Knowing that I can help someone or support charity as I engage in sport and try to overcome personal limitations gives me a great feeling. When I run, I struggle with the distance, but the person I am running for battles the disease. I can help them by running, which gives me so much strength when things get difficult during the race. I am very happy that my charity drive helped collect money for an insulin pump for the nine-year-old Klaudia. The device will allow her to live her life to the fullest and pursue her interests. I know that her team won the gold medal in a football tournament quite recently.

CSR INITIATIVES

'Running to Help'

'Running to Help' is an initiative organised alongside the Łódź marathon by the 'Dbam o Zdrowie' Foundation, the event's social partner. The drive is based on a modern approach to charity, which encourages participants to combine sports activity with helping others. The runners can decide whether they want to donate money to one of the partner organisations as early as during registrations.

Money can also be collected using two charity websites – DoMore.pl and Siepomaga.pl, which allow the participants to join one of the drives created by the organiser or its partners, launch a personal drive, or support the charity drives of other runners.

The initiative is nationwide and benefits from the involvement of Pelion Healthcare Group employees. In 2013, the runners collected nearly PLN 40 thousand, of which PLN 18 thousand was donated to the 'Dbam o Zdrowie' Foundation. Fifteen Pelion employees launched their own charity drives, which were supported by 380 donors. With the collected funds, the Foundation could buy drugs and medical equipment for persons in its care.

The initiative's 2013 partners included Fundacja Synapsis, Fundacja Hospicyjna – Hospicjum to też życie, Caritas branch of the Łódź Archdiocese and Fundacja Udaru Mózgu, all of which solicited for the runners' support in the months leading to the marathon.

This initiative will be continued during the fourth edition of the 'Łódź Maraton Dbam o Zdrowie' event.

COMMITMENT (2013) -> continuation

'Łódź Maraton Dbam o Zdrowie' as the largest charity marathon in Poland



Dedicated charity drives, partner organisations, and donations at registration



Karolina Jarzyńska
'Łódź Maraton Dbam o Zdrowie' scholarship holder

The 'Łódź Maraton Dbam o Zdrowie' run and my time in Łódź have both been such unforgettable experiences. Only good things happened to me here. I received the Łódź marathon scholarship which was a great relief, as I don't have to worry about finances anymore. The scholarship meant that I could start focusing on my performance as an athlete – I almost immediately beat my personal best in Japan, and neared the Polish record. The fact that the race started and ended at the Atlas Arena and that I got to run on the red carpet was also very memorable. The atmosphere is great in Łódź, and you can really feel the spirit of sportsmanship. Łódź is also the first place where I saw such lively and fun charity initiatives – that is still relatively rare in Poland. I also had the honour to launch my own drive, which made my run and my success all the more important.



Every year, Łódź marathon runners are supported by local students.



The 10K race held at the same time as the marathon is attended every year by people with disabilities.

Dialogue with stakeholders

The identification of stakeholder groups was carried out in consultation with all Pelion Healthcare Group companies, including their key departments. A tool supporting the process was a dedicated questionnaire in which each company answered questions on its current operations and relationship with key partners and institutions. Information so gathered was used to prepare the stakeholder map, defining not only stakeholder groups and the place in the value chain where unilateral or mutual interactions occur, but also the nature of those interactions.

COMMITMENT (2013) -> continuation

To implement and improve new investor communication channels



The related actions will be implemented in 2014

Pelion Healthcare Group companies are members of:

- World Economic Forum
- United Nations Global Compact
- Farmacja Polska Chamber of Commerce
- Polish Business Roundtable
- Association of Polish Pharmaceutical Wholesalers Employers
- Polish Association of Stock Exchange Issuers
- GIRP (Groupement International de la Répartition Pharmaceutique Full-line Wholesalers/ The European Association of Pharmaceutical Full-Line Wholesalers)
- Łomża Chamber of Commerce
- Polish Association of Employers of the Disabled
- Pharmaceutical Faculty Development Foundation with the Poznań University of Medical Sciences
- Lublin Business Club.

PELION adheres to 10 Global Compact principles

On July 2nd 2012, the Pelion Healthcare Group was the first company from Łódź and the Polish healthcare sector to become a member of the Global Compact – an initiative seeking to develop an international circle of socially responsible businesses. Participation in the Global Compact offers a unique opportunity for sharing experience in sustainable development and corporate social responsibility. As a Global Compact member, the Pelion Healthcare Group has made a commitment to embrace, support and enact, within its sphere of influence, 10 principles relating to human rights, labour, the environment and anti-corruption.

PRINCIPLES:

- 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2 make sure that they are not complicit in human rights abuses.
- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 the elimination of all forms of forced and compulsory labour;
- 5 the effective abolition of child labour; and
- 6 the elimination of discrimination in respect of employment and occupation.
- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 undertake initiatives to promote greater environmental responsibility; and
- 9 encourage the development and diffusion of environmentally friendly technologies.
- 10 Businesses should work against all forms of corruption, including extortion and bribery.

Detailed information about the initiative can be found at www.globalcompact.org.pl.

COMMITMENT (2013–2015) -> continuation

Implement the Global Compact principles and corporate social responsibility initiatives among customers and trading partners



Towards the end of the year, the Management Board of Pelion S.A. urged the management boards of the Group companies to introduce the Global Compact compliance clause in all its contracts.

Leadership
Trust
Responsibility

Effective dialogue with stakeholders is the starting point for appropriate formulation and updating of the Pelion Healthcare Group's corporate social responsibility strategy.

The official CSR strategy for 2012–2015, developed and adopted in 2012, defined the key stakeholder groups, the nature of the mutual relations and the risks they may generate, as well as objectives to be achieved within the defined time horizon. In line with the strategy, the Pelion Healthcare Group implements key values such as responsibility, trust and leadership through activities undertaken within its four key business lines in terms of:

- caring for patients' health by improving access to medical treatment and active prevention
- developing healthy relations with partners and investors, based on business transparency
- developing healthy relations with employees and undertaking initiatives contributing to their health
- contributing to the health of the natural environment through mitigation of adverse environmental impacts
- caring for a healthy community through local community outreach initiatives and active cooperation with NGOs and academic communities.

PATIENTS

OBJECTIVE To ensure top-level care for patients' health to the extent it is directly affected by the company's operations on the broadly understood healthcare market in Poland and abroad, including in particular by promoting top standards of pharmaceutical distribution, increasing availability of drugs for patients, and continuously improving the pharmaceutical care system

TARGET RELATION:
trust in brand

FORMS OF INTERACTION:

- Pharmaceutical care at pharmacies
- '60+ Programme'
- *Dbam o Zdrowie* bimonthly
- *Magazyn 60+* quarterly
- Websites: doz.pl, medme.pl, cafesenior.pl, leku.pl www.vaistine.lt
- website *apteczka.eu* application
- Profiles in social media
- Newsletters
- Communication around the 'Łódź Maraton Dbam o Zdrowie' marathon.

EMPLOYEES

OBJECTIVE To offer fair working conditions in a friendly environment, to support professional and personal development and to promote healthy lifestyles

TARGET RELATION:
loyalty to the company

FORMS OF INTERACTION:

- Employee consultations
- Internet, Electronic Notice Board
- *Nasza Firma* quarterly about the Company
- Supplement to *Nasza Firma* quarterly – *Our Social Responsibility*
- *Lider Zdrowia* bulletin and other corporate newsletters
- www.pharmbook.pl website
- Regular meetings of managers
- Works Council meetings
- Staff events
- Code of Ethics
- 'Your Idea Is a Plus For Us' ('Idea na plus')
- initiative
- Pelion Wellness Programme
- Annual Report/CSR Report.

Dialogue with stakeholders

MEDIA

OBJECTIVE To pursue a transparent and active information policy, employing new technologies to ensure quick and broad access to information

TARGET RELATION:
trust and cooperation

FORMS OF INTERACTION:

- Press releases
- Press conferences
- Everyday communications and comments
- www.pelion.eu/m.pelion.eu website and other Group companies' websites
- Annual Report/CSR Report.

ACADEMIC ENVIRONMENT


OBJECTIVE To share expertise and cooperate for regional human resources development

TARGET RELATION:
cooperation and mutual development

FORMS OF INTERACTION:

- Experience and expertise sharing
- Traineeship and internship schemes – 'Youth in Łódź' ('Młodzi w Łodzi'), 'Career Programme' ('Program Kariera')
- Participation in conferences
- Open day events
- Participation in the Business Council of the Management Faculty at the University of Łódź
- Pelion brand ambassadors
- Media.

SUPPLIERS, SUBCONTRACTORS AND TRADING PARTNERS


 **OBJECTIVE** To be a trading partner of choice and to cooperate with those who share our values

TARGET RELATION:
partnership

FORMS OF INTERACTION:

- Meetings and conferences
- Newsletters
- Code of Ethics
- www.pelion.eu/m.pelion.eu website and other Group companies' websites
- Ongoing communication (email, phone)
- Annual Report/CSR Report.

CUSTOMERS


 **OBJECTIVE** To provide services with maximum care and up to professional standards

TARGET RELATION:
satisfaction and trust

FORMS OF INTERACTION:

- Customer satisfaction survey
- Conferences and regular meetings
- *Bez Recepty* monthly
- *Farmakoekonomika Szpitalna* magazine
- www.pharmbook.pl website
- www.pelion.eu/m.pelion.eu website and other Group companies' websites
- Training
- Newsletters
- Hotline
- Email, phone contact
- Code of Ethics
- Annual Report/CSR Report.

CAPITAL MARKET ACTORS


 **OBJECTIVE** To increase company value through continuous development, and to ensure transparent management by regular disclosure of reliable financial and non-financial information on the Company's operations

TARGET RELATION:
trust and mutually beneficial communication

FORMS OF INTERACTION:

- Current, interim and annual reports
- Quarterly conferences – presentation of results
- One-on-one and group meetings with analysts and investors
- Participation in conferences and meetings
- Ongoing communication (email, phone)
- www.pelion.eu/m.pelion.eu website and other Group companies' websites.

SOCIAL COMMUNITY


 **OBJECTIVE** To actively contribute to the building of the community welfare through business efficiency and involvement in the social and economic development of the region

TARGET RELATION:
mutual respect

FORMS OF INTERACTION:

- Communication around local projects organised by the 'Dbam o Zdrowie' Foundation
- Communication around the 'Łódź Maraton Dbam o Zdrowie' marathon
- Participation in social and economic events
- Annual Report/CSR Report.

NGOs


 **OBJECTIVE** To engage in activities improving the society's health condition

TARGET RELATION:
active dialogue

FORMS OF INTERACTION:

- Activities of the 'Dbam o Zdrowie' Foundation
- 'Together We Can Accomplish More' project
- Meetings
- www.fundacja.doz.pl website
- NGO cooperation platform
- 'Łódź Maraton Dbam o Zdrowie' marathon.

NATURAL ENVIRONMENT

 **OBJECTIVE** To constantly look for new ways to mitigate adverse environmental impacts in all areas of the Company's operations

TARGET RELATION:
awareness building, care and responsibility

FORMS OF INTERACTION:

- Environmental policy
- Ecoproject Pelion
- Ecoteam.

Natural environment

Since 2012, environmental management at the Pelion Healthcare Group is organised based on the corporate environmental policy, providing for compliance with environmental protection laws and implementation of individual and proprietary projects in this area. As a member of the Global Compact community, Pelion pursues its environmental policy objectives by applying a precautionary approach to the natural environment, launching initiatives to promote environmental responsibility, and using and promoting environmentally friendly technologies. In 2013, no financial fines or non-financial sanctions for non-compliance with environmental protection regulations were imposed on the Pelion Healthcare Group. Similarly, no incidents with an adverse environmental impact were recorded.

Transport

- Route optimisation and maximum utilisation of vehicle capacity thanks to synergies derived from cooperation between the business lines (combined deliveries)
- New vehicle fleet with economical Diesel engines
- Tele- and video-conferences, reducing the number of business trips
- Promotion of eco-driving – eco-driving manual and training for employees
- Carpooling – encouraging employees to commute to work together and share company cars for business trips.



Krzysztof Sima

President of the Daruma Management Board

In developing our CSR strategy and environmental policy, we identified key areas of Pelion S.A.'s impact on the environment. Proper identification facilitates management, thus reducing operating costs and limiting losses. We continue to implement and improve process solutions to e.g. reduce paper consumption. By cooperating with specialised contractors we ensure that our plastic and paper packaging waste is recycled. Environmental education for our employees is also high on our agenda.

COMMITMENT (2013) -> continuation

Growth in the number of employees trained in eco-driving

X Planned for next year



80 kgs
of batteries



288 tonnes
of paper waste



25 kgs
of caps in the 'Caps to bags'
campaign



961 kgs
of toners

...were collected by Pelion Healthcare Group companies in 2013

Fuel consumption

Fuel consumption at the Pelion Healthcare Group (Polish companies) increased by close to 19% in 2013.

Type of fuel	2011	2012	2013
Petrol (l.)	139,436.34	72,837.20	76,211.46
Diesel (l.)	474,377.70	401,030.18	487,090.49
TOTAL	613,814.04	473,867.38	563,301.95

Type of fuel	EURO standards	Litres	Share in purchases /year as per EURO standard
Petrol	5	29,109.66	40.75%
Diesel	5	200,428.45	
Petrol	4	41,734.81	58.08%
Diesel	4	285,442.46	
Petrol	3	4,203.57	0.96%
Diesel	3	1,219.58	
Petrol	2	1,163.42	0.21%
Diesel	2	0.00	
		563,301.95	100.00%

The share of Euro 5-compliant vehicles in our fleet is steadily growing, while the number of Euro 3-compliant vehicles is decreasing as they are removed from service.

CSR INITIATIVES

Ecoproject Pelion:

- Compliance with environmental laws and other similar requirements applicable to the Company's operations
- Mitigation of adverse environmental impacts of our operations through sustainable consumption of electricity, heat, and natural resources, paper in particular
- Sustainable and environmentally safe waste management through sorting, setting aside and transfer for recycling or disposal
- Promotion of sustainable attitudes and environmentally friendly conduct among employees and stakeholders
- Continuous improvement of industrial processes and implementation of new technical and organisational solutions to reduce adverse environmental impacts.

COMMITMENT (2013) -> continuation

To continue and develop Ecoproject Pelion



Continuation of projects



Artwork prepared by employees' children for an eco-competition on the Children's Day, June 2013.

Office and buildings

- Electronic document and invoice circulation
- Promoting the use of electronic media for document distribution
- Workflow system – accounting for leaves and business trips without hard copies
- Electronic Christmas and Easter cards
- Reduced paper consumption
- Elimination of disposable catering supplies
- Gradual replacement of lighting with energy-saving types, installation of motion detectors in new buildings
- Thermal-efficiency upgrade/new design
- State-of-the-art, effective heating, ventilation and cooling systems
- Sustainable management of space for heating in winter.

CSR INITIATIVES

'Medication for toners' is a project which combines environmental protection and social responsibility, integrates employees around shared social objectives, and reinforces a positive image of the Pelion Healthcare Group among its trading partners.

Employees of our companies collect spent toner cartridges, which are then sold as dangerous waste to a licensed collection and disposal operator. The funds are then transferred to the 'Dbam o Zdrowie' Foundation and spent on medication and medical supplies for a person or institution selected by the Company. The employees encourage commercial partners, friends and relatives to join the initiative.

In 2013, the Group companies collected 961.80 kgs of toner cartridges.

Electricity purchase and consumption [kWh] Extended reporting

	2012	2013
Pelion Healthcare Group (Polish companies)	11,394,532.00	12,239,774.00
Pharmacies ¹	1,476,959.00	7,481,911.00
TOTAL	12,871,491.00	19,721,685.00

1. In 2013, the data was reported for a larger number of pharmacies:
- in 2012, the reported data covered 100 pharmacies
- in 2013, the reported data covered 574 pharmacies.

Total water consumption [m³] Extended reporting

	2012	2013
Pelion Healthcare Group (Polish companies)	40,506.00	29,003.00
Pharmacies ²	3,497.00	59,563.00
TOTAL	44,003.00	88,566.00

Total sewage [m³] Extended reporting

	2012	2013
Pelion Healthcare Group (Polish companies)	39,894.00	27,950.00
Pharmacies ²	3,497.00	59,563.00
TOTAL	43,391.00	87,513.00

Medicinal products management

- State-of-the-art logistics solutions to minimise the risk of impairment or loss of quality of the medicinal products, including a fleet of dedicated temperature-controlled vehicles for cold chain transport of drugs
- Strict medicinal product expiry date management
- Use of non-disposable packaging
- New warehouse projects designed for energy efficiency
- Cutting-edge electronic systems for pharmacy order processing
- Sustainable management of non-disposable isothermal packaging
- State-of-the-art sorting and picking lines to ensure faster order preparation for dispatch, and thus optimise transport processes
- Efficient use of cooling space.

2. In 2013, the data was reported for a larger number of pharmacies:
- in 2012, the reported data covered 100 pharmacies
- in 2013, the reported data covered 466 pharmacies.

Retail operations

- Websites: www.doz.pl and www.vaistine.lt; applications: www.apteka.eu, www.efarmtargi.pl, www.emedicines.pl – a portion of orders are executed online, which reduces the need for physical retail outlets and the related environmental burden
- Efficient management of information and promotional materials.

Waste management

- Collection of date-expired and damaged medicinal products by the Company and pharmacies
- Collection and sorting of waste for recycling and of waste electronic and electric equipment (toners, batteries, mobile phones, light bulbs)
- Disposal of all waste under contracts with specialised operators.

Waste records Plastics [Mg]	
	2013
Pelion + PGF - Łódź warehouse ³	28.46
Other companies ⁴	40.755
TOTAL	69.215

The range of reported data was extended in 2013 to include plastic packaging waste (in particular plastic packaging film). The scope of the reporting also increased, as the 2013 data includes 17 companies representing all key business lines, and Pharmapoint, while the data reported for 2012 covered 4 companies. Non-disposable packaging is introduced and cardboard boxes are reused to reduce paper waste. Non-disposable packaging was purchased e.g. for the warehouse in Łódź. Measures are also taken to reduce medical waste through stricter monitoring of expiry dates, discount sales of items with short expiry dates, and returns to manufacturers. Particular effort is made to ensure that drugs are not damaged at any stage of the supply chain.

3. The 2013 data also covers the Urtica warehouse.

4. The 2012 data is for 2 companies, while 2013 data covers 15 Group companies.



Our employees' children are happy to join our environmental actions. Photo: planting trees together. June 2013.

CSR INITIATIVES

Ecoteam – a group of our employees who set on a mission to promote environmentally friendly solutions. Members of the team have already developed an eco-driving manual, and launched a sustainable advice tab on our corporate website, organise environmental protection knowledge competitions for employees' children, and promote sustainable management of company resources. The team initiates and executes most of the Company's environmental protection projects.

Waste records Medical products [Mg]		
	2012	2013
Pelion + PGF - Łódź warehouse ³	5.9652	20.3618
Other companies ⁴	7.7392	9.0937
TOTAL	13.7044	29.4555

Waste records Paper and cardboard [Mg]		
	2012	2013
Pelion + PGF - Łódź warehouse ³	47.202	37.6000
Other companies ⁴	33.114	190.9700
TOTAL	80.316	228.5700

Awards



Reliable Employer of the Year in the Łódź Region

The title is awarded in recognition of companies' HR policies. The judging panel appreciated the **Pelion Healthcare Group's** career development opportunities, flexible forms of employment, a comprehensive incentive system, a wide range of employee benefits, as well as cooperation projects providing students and graduates with an opportunity to gain professional experience through traineeship and internship schemes.



Best Business Partner

The title of the Best Business Partner is awarded by the *Home&Market* monthly magazine to companies which demonstrate outstanding quality, reliability and adherence to the highest business standards, and which perceive relations with customers as the cornerstone of their activities. **Pelion S.A.** received the distinction in recognition of its top quality services, which are tailored to meet and exceed customers' growing needs and expectations, and for remaining attractive to investors despite the adverse developments on the pharmaceutical market.



Ranking of companies that best report their ESG data

The ranking lists companies that best report their non-financial information on environmental protection, corporate social responsibility and corporate governance. It is compiled using the GES Risk Rating method based on international standards on sustainable development, corruption and occupational health and safety, as well as Responsible Investment Rules, and is held under the auspices of the Polish Association of Stock Exchange Issuers, GES and Crido Business Consulting. **Pelion S.A.** received a distinction in the healthcare category and as a company included in the SWIG80 index.





Success Code

The Success Code is awarded by the *Wprost* weekly to companies on the Polish market which apply unconventional solutions and demonstrate courage and ability to face great challenges. **DOZ S.A.** was recognised for its social programmes for patients, such as the Pharmaceutical Care Programme or the +60 Programme.



Icebreakers 2013

The Icebreakers are awarded by the Polish Association of Employers of the Disabled to promote individuals and employers who actively take up the issue of disability in their work. The **Pelion Healthcare Group** was distinguished in the 'Open market' category in recognition of its exceptional social sensitivity and initiatives designed to encourage disabled persons' activity in various areas of social and professional life.



Reader's Digest Golden and Crystal Awards

The award is based on the European Trusted Brands survey, which is one of the largest consumer surveys in Europe. The Golden Award is given to brands which earned the trust of the largest number of respondents. On the other hand, the Crystal Award goes to brands which received the best scores in terms of quality, value for money, image and understanding of customer needs. With the support of 18% of the survey's participants, the **Apteka Dbam o Zdrowie pharmacies** were pronounced a trustworthy brand, while also securing high scores in the consumer assessment.



Euro-Partner

The Euro-Partner title was awarded to the **Pelion Healthcare Group** by the Euro-Partner Economic Foundation in the first nationwide competition designed to distinguish companies, joint-stock companies, cooperatives, foundations and institutions which excel in terms of management and operate in compliance with the highest standards.





CORPORATE GOVERNANCE

CORPORATE GOVERNANCE
GENERAL MEETING OF SHAREHOLDERS
SUPERVISORY BOARD
AUDIT COMMITTEE
NOMINATION AND REMUNERATION COMMITTEE
MANAGEMENT BOARD
INTERNAL AUDIT DEPARTMENT
EXTERNAL AUDITORS
FINANCIAL REPORTING

Corporate Governance

In 2013, Pelion S.A. and its governing bodies complied with corporate governance principles specified in Appendix to Resolution No. 19/1307/2012 of the WSE Supervisory Board, dated November 21st 2012: 'Code of Best Practice for WSE Listed Companies'. The text of the Code is available on the WSE's website dedicated to corporate governance: (www.corp-gov.gov.pl) and on the Company's website: www.pelion.eu in the 'Best Practices' section.

In 2013, one departure from the Code was recorded. During the Annual General Meeting of April 26th 2012, the Company only partially complied with Section IV.10 of the Code, under which companies should enable their shareholders to participate in a General Meeting using electronic means of communication. The Company only provided real-time broadcast, without bilateral communication whereby shareholders could take the floor during a General Meeting from a location other than the General Meeting's venue.

For the full statement of compliance with corporate governance principles by Pelion S.A. in the financial year 2013, see the 2013 financial statements available at www.pelion.eu.

1 General Meeting

The General Meeting, which is the highest governing body of Pelion S.A., has the right to decide on the Company's transformation, liquidation or reversal of liquidation, as well as on distribution of profit, amendments to the Articles of Associations, and changes to the share capital amount. The General Meeting nominates and appoints Supervisory Board members and determines their remuneration, reviews and approves the Directors' Report and the financial statements, and grants discharge to members of the Company's governing bodies in respect of their duties. It is also responsible for decisions on issues of convertible bonds and bonds conferring pre-emptive rights, share buy-backs, share cancellation, and compulsory acquisition of minority shareholders' interests (squeeze-out).

The General Meeting of Pelion S.A. operates in accordance with the Commercial Companies Code, the Company's Articles of Association, and the Rules of Procedure for the General Meeting. Art. 12 of the Company's Articles of Association defines the powers of the General Meeting, which have been sourced from the Commercial Companies Code verbatim or modified to the extent permitted by the Code and consistent with the corporate governance principles. The proceedings of the General Meeting are broadcast via the Company's website (www.pelion.eu).

Pelion shareholders attending the **Annual General Meeting** held on **April 26th 2013** approved the Directors' Report on the Company's operations in the financial year 2012 and the financial statements for 2012, resolved to distribute a part of the 2012 net profit as dividend (PLN 2 per share) and to transfer the remaining part of the profit to the Company's statutory reserve funds, granted discharge to members of the Company's governing bodies, appointed new Supervisory Board members and amended the Company's Articles of Association, approved buy-back of Company shares for cancellation, and cancelled 590,272 treasury shares, thus reducing the Company's share capital by PLN 1,180,544.

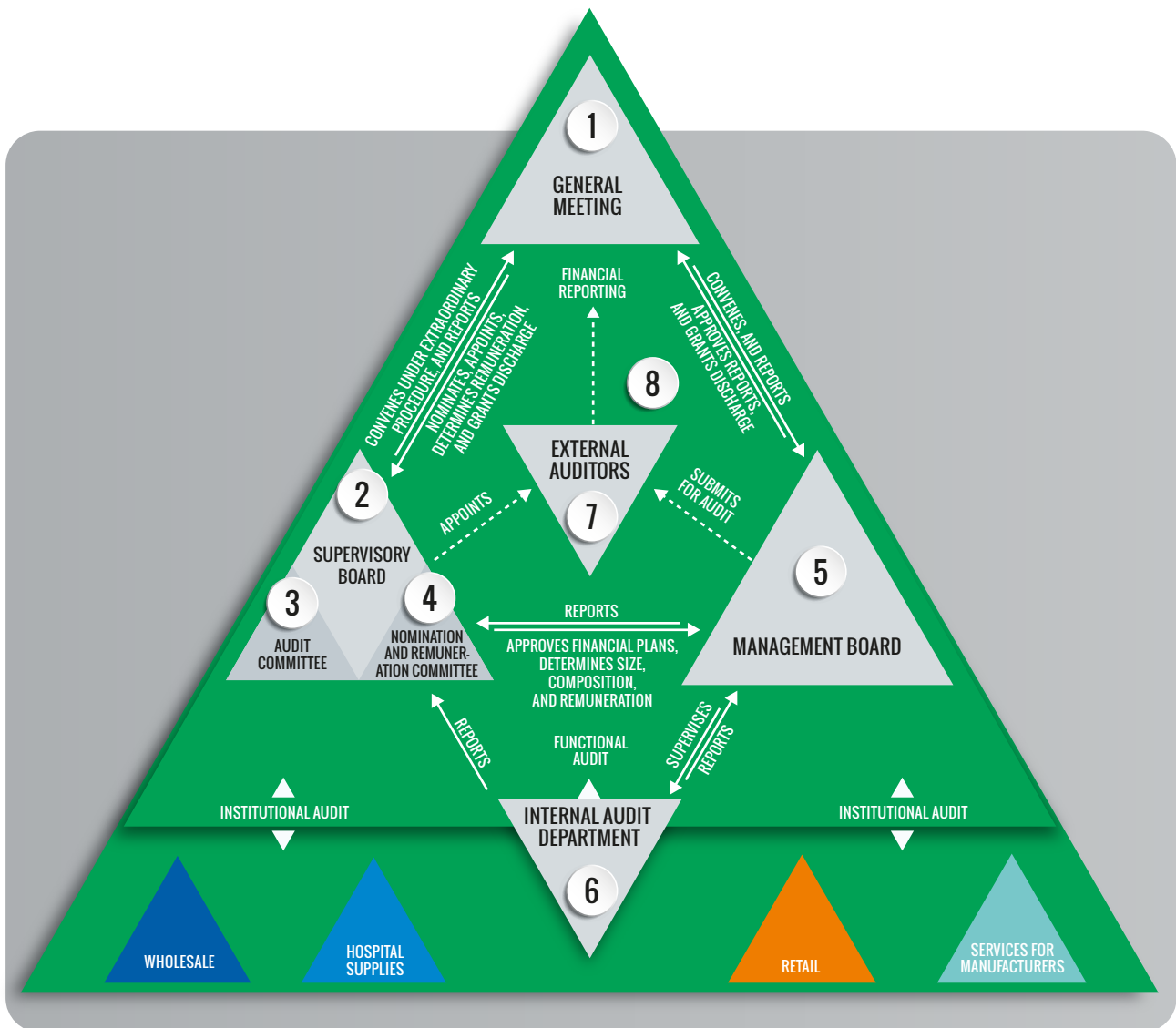
Shareholder structure

The structure of voting rights at the General Meeting is different from the shareholder structure, as some Company shares are shares with voting preference, each conferring the right to five votes.

In 2013, there were significant changes in the shareholder structure of Pelion S.A. FMR LLC submitted a notice stating that it held 951,776 Pelion shares, conferring the right to 5% of total voting rights at the General Meeting. Korporacja Inwestycyjna Polskiej Farmacji Sp. z o.o. acquired 10,908 Pelion shares, thereby exceeding the threshold of 5% of total voting rights at the General Meeting of Pelion S.A.

2 Supervisory Board

The Supervisory Board of Pelion S.A. exercises supervision over the Company's operations, determines the size and composition of the Management Board and the remuneration paid to its members, assesses financial statements and Directors' Reports, and approves the Company's financial plans. The Supervisory Board is composed of five members elected by the General Meeting, three of whom meet the independence criteria. The Supervisory Board's decisions are adopted by an absolute majority of votes. In the event of a voting tie, the Chairman has the casting vote.



Jerzy Leszczyński

Chairman of the Supervisory Board

Mr Leszczyński is a professor at the University of Łódź with a post-doctoral degree of Habilitated Doctor (doctor habilitatus) in Law. Employed at the Faculty of Law and Administration of the University of Łódź since 1984, he became partner at Kancelaria Radców Prawnych Jerzy Leszczyński, Zbigniew Wojnicki Sp. J. law firm in 1990. Mr Leszczyński chaired the supervisory boards of Suwary S.A. and PZF Cefarm - Kraków S.A., and served as supervisory board member at Condomi Erfurt Produktionsgesellschaft mbH of Erfurt and Condomi AG of Cologne. At present, he is chairman of supervisory boards of Monnari Trade S.A. and BSP S.A., and member of the supervisory board of Business Support Solution S.A. Mr Leszczyński has been Chairman of the Supervisory Board of PGF S.A. (now Pelion S.A.) since 1994.

Mr Leszczyński does not meet the independence criteria.

Hubert Janiszewski

Deputy Chairman of the Supervisory Board

Mr Janiszewski graduated from the Prague University of Economics and Warsaw School of Economics, and holds a PhD in Economics from the Warsaw University of Technology. After working for Bankers Trust and HSBC, he joined the Polish branch of Deutsche Bank Group in 2000, serving as member of the bank's management and supervisory boards. He is Chairman of the Supervisory Board of DB Securities S.A., Cognor S.A., Mediacap S.A., and MCI S.A., Deputy Chairman of the Supervisory Board of Deutsche Bank Polska, and Member of the Polish Business Roundtable (also as Vice-President and acting President).

Mr Janiszewski meets the independence criteria.

Anna Biendara

Member of the Supervisory Board

Ms Biendara graduated from the Faculty of Economics and Sociology of the University of Łódź. She has been long involved with Polska Grupa Farmaceutyczna (now Pelion S.A.), where she served as Vice-President of the Management Board for Finance from 1994 to 2000. She has sat on the Supervisory Board of Pelion S.A. since 2012.

Ms Biendara does not meet the independence criteria.

Jan Kalinka

Member of the Supervisory Board

Mr Kalinka holds a PhD degree in Pharmacy from the Medical Academy of Łódź. Between 1980 and 1988, he worked as the manager of a hospital pharmacy in Benghazi, Libya. Since 1992, he has owned and managed a private pharmacy. He has sat on the Supervisory Board of PGF S.A. (now Pelion S.A.) since 2003.

Mr Kalinka meets the independence criteria.

Jacek Tucharz

Member of the Supervisory Board

Mr Tucharz graduated from the Warsaw School of Economics with a degree in Foreign Trade, and completed Postgraduate Studies in Marketing Policy at the same school. From 1996, Mr Tucharz worked for investment fund companies. Since 2006, he has conducted business activity as a sole trader. He is a member of the Supervisory Board of Cersanit S.A. (operating under the name Rovese S.A. since 2012). He has sat on the Supervisory Board of PGF S.A. (now Pelion S.A.) since 2009.

Mr Tucharz meets the independence criteria.

3 Audit Committee

In 2013, the tasks of the Audit Committee were performed by the entire Supervisory Board, which appointed three of its members as the Audit Team. The Audit Team is responsible for monitoring the Company's financial reporting and financial audit functions; monitoring internal control, internal audit and risk management systems; and evaluating the qualifications and experience of external auditors, as well as monitoring the auditors' independence and the audit process.

4 Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed of two members of the Supervisory Board. As required by the Rules of Procedure for the Supervisory Board, the members of the Committee meet the criteria of independence. One of the key functions of the Nomination and Remuneration Committee is to propose Supervisory Board resolutions regarding changes in the composition of the Management Board and remuneration of the Management Board members.

5 Management Board

The Management Board of Pelion S.A. manages the Company's affairs and represents the Company before third parties. All matters related to the management of the Company which do not fall within the exclusive scope of competence of other governing bodies under relevant laws or the Company's Articles of Association fall within the scope of powers of the Management Board, which includes defining strategic objectives of Pelion S.A. and the Pelion Healthcare Group, defining the Company's financial and trade policy, creating or revising the Company's annual financial and investment plans, and contracting loans or liabilities in excess of a specified limit. Representations may be made and obligations assumed on behalf of the Company by two members of the Management Board acting jointly.

Jacek Sz wajcowski

President of the Management Board

Mr Sz wajcowski is a graduate of the Faculty of Mechanical Engineering of the Łódź University of Technology. Mr Sz wajcowski was one of the founders of Hurtownia Leków MEDICINES, a pharmaceutical wholesale business, and has served as the President of its management board from the time the company was transformed into a joint stock company and then into Polska Grupa Farmaceutyczna S.A., which currently operates as a holding company under the name of Pelion S.A. He is also a member of the Management Board of the Polish Business Roundtable and an attendee at the annual Davos World Economic Forum since 2001.

Zbigniew Molenda

Vice-President of the Management Board – Distribution

Vice-President of the Management Board – Distribution
Mr Molenda is a graduate of the Faculty of Electrical Engineering of the Łódź University of Technology. Mr Molenda was one of the founders of Hurtownia Leków MEDICINES, a pharmaceutical wholesale business, and has served as Vice-President of its management board from the time the company was transformed into a joint stock company and then into Polska Grupa Farmaceutyczna S.A., which currently operates as a holding company under the name of Pelion S.A.

Ignacy Przystalski

Vice-President of the Management Board – Sales

Mr Przystalski is a graduate of an economic college. From 1992, he worked for Carbo, where he served as President of the management board. Following the company's merger with Polska Grupa Farmaceutyczna S.A., he became Deputy Director for Relations with Suppliers and later Head of the Katowice Branch. In 2005, he was appointed Vice-President of the Management Board of PGF S.A., now Pelion S.A.

Jacek Dauenhauer

Vice-President of the Management Board
Financial Strategy

Mr Dauenhauer graduated from the Faculty of Economics and Sociology of the University of Łódź. In 1991–1997, he held a number of positions with LG PetroBank S.A., including Head of Equity Investment. From 1997 he worked for MEDICINES S.A., and then for Polska Grupa Farmaceutyczna S.A., where he was Chief Financial Officer, and since 2007 has served as Vice-President of the Management Board of PGF S.A., now Pelion S.A.

Mariola Belina-Prażmowska

Vice-President of the Management Board
Development and Investor Relations

Ms Belina-Prażmowska is a graduate of the Faculty of Economics and Sociology of the University of Łódź, where her principal field of study was International Economic and Political Relations. She is a qualified auditor, and worked for Deloitte Audyt Sp. z o.o., Clear Edge Polska Sp. z o.o. and Thunderbird Resort Poland Sp. z o.o. In 2009, she joined PGF S.A. In 2010, she was appointed Vice-President of the management board of BSS S.A. and a year later went on to become Head of Investor Relations at Pelion S.A. Since January 1st 2014, she has served as Vice-President of the Management Board for Development and Investor Relations.

In 2013, the Pelion Management Board also included Ms Sylwia Pyśkiewicz, who resigned from the position as of January 1st 2014.

6 Internal Audit Department

The Internal Audit Department is responsible for institutional audit, including evaluation of risk management and internal control processes in terms of their effectiveness. The Audit Department reports to the President of the Management Board of Pelion S.A. The results and effectiveness of internal audits are reported both to the Management Board and the Supervisory Board of Pelion S.A., which acts as the Audit Committee.

The department is governed by a set of internal rules prepared based on the International Standards for the Professional Practice of Internal Auditing, and other international professional standards, in particular the standards adopted by the Institute of Internal Auditors (IIA).

7 External auditors

The independent external auditors appointed by the Supervisory Board are responsible for auditing annual separate and consolidated financial statements and reviewing semi-annual separate and consolidated financial statements.

8 Financial reporting

The keeping of accounting records in 2013 and preparation of financial statements and consolidated financial statements was assigned to BSS S.A., one of the Group companies, which follows its own control procedures in this respect. In order to ensure effectiveness of the Company's internal control and risk management system used for the purposes of financial reporting, the Company's Management Board has adopted and approved the accounting policies of Pelion S.A. and IFRS-compliant accounting policies for the purposes of consolidated financial statements of the Pelion Healthcare Group.

The Company's Articles of Association, Rules of Procedure for the General Meeting, Supervisory Board and Management Board, as well as Rules Governing Audit of Financial Statements are available at www.pelion.eu.



Jerzy Leszczyński, LDD

Chairman of the Supervisory Board of Pelion S.A.

Responsible business management relies greatly on compliance with corporate governance standards, especially transparency in relations with all stakeholders, both existing and potential. Responsibility also means an ethical approach to relations with other parties, such as our employees or trading partners. As an entity operating on the broadly-defined healthcare market, we have committed to applying Best Distribution and Pharmaceutical Practices, which we consider a priority.





ENHANCING HUMAN CAPITAL

WORKFORCE
SALARIES AND WAGES
TRAINING

RECRUITMENT AND EMPLOYER BRANDING

PROJECTS:

THE PELION HEALTHCARE GROUP HR POLICY FOR 2013-2015

THE PELION HEALTHCARE GROUP CODE OF ETHICS

'YOUR IDEA IS A PLUS FOR US' (IDEA NA PLUS)

PELION WELLNESS PROGRAMME

GLOBAL DIGNITY DAY

Enhancing human capital

In the long-term perspective, the overarching objective of the Pelion Healthcare Group's HR Policy is to recruit and retain a team of employees who, in pursuit of the Company's mission and targets, will build its market value and sustainable competitive advantage, and at the same time achieve job satisfaction and fulfil their personal plans and ambitions.

In 2013, in addition to maintaining the current headcount and workforce structure, the Company developed and implemented the Pelion Healthcare Group HR Policy for 2013–2015 and the Code of Ethics.

Workforce

The Pelion Healthcare Group's headcount as at December 31st 2013 was 6,851 FTEs, up 2% on 2012. The workforce structure by sex remained unchanged, with women accounting for 80% and men for 20% (at the top management level, the figures were at 38% and 62%, respectively).

Likewise, 2013 saw no changes in the employees' age structure, with 80% aged 50 or less, and 20% aged more than 50.

Employees by type of employment contract

TYPE OF EMPLOYMENT CONTRACT	NUMBER OF FTEs (as at Dec 31 2013)	% OF FTEs (as at Dec 31 2013)
Indefinite-term contracts	4,329	63%
Fixed-term contracts	2,227	33%
Probationary contracts	223	3%
Substitution contracts	72	1%
TOTAL	6,851	100%

Headcount and workforce structure

REGION	NUMBER OF FTEs (as at Dec 31 2013)	AGE			SEX		JOB GRADES		
		<30	30-50	50>	F	M	TOP MANAGEMENT	MIDDLE MANAGEMENT	OTHER JOBS
Pelion S.A.	68	5	44	19	36	32	19	3	46
Polish companies	5,522	1,340	3,241	941	4,328	1,194	48	327	5,147
Foreign companies	1,261	242	632	387	1,112	149	6	17	1,238
TOTAL	6 851	1,587	3,917	1,347	5,476	1,375	73	347	6,431

Composition of Supervisory Boards

REGION	HEADCOUNT (AS AT DEC 31 2013)	AGE			SEX	
		<30	30-50	50>	F	M
Pelion S.A.	5	0	1	4	1	4
Polish companies	53	0	34	19	15	38
Foreign companies	5	0	3	2	0	5
TOTAL	63	0	38	25	16	47

Employee turnover rate 20%

(calculated as the number of employees who resigned or were dismissed/average headcount during the year): 0.2

Employee churn

REGION	NUMBER OF FTEs (as at Dec 31 2013)	SEX			AGE		JOB GRADES		
		<30	30-50	50>	F	M	TOP MANAGEMENT	MIDDLE MANAGEMENT	OTHER JOBS
Pelion S.A.	6	3	3	0	4	2	0	1	5
Polish companies	1,078	371	543	164	820	258	3	22	1,053
Foreign companies	302	104	113	85	253	49	1	3	298
TOTAL	1,386	478	659	249	1,077	309	4	26	1,356

New hires

REGION	NUMBER OF FTEs (as at Dec 31 2013)	SEX			AGE		JOB GRADES		
		<30	30-50	50>	F	M	TOP MANAGEMENT	MIDDLE MANAGEMENT	OTHER JOBS
Pelion S.A.	4	3	1	0	3	1	0	0	4
Polish companies	1,076	556	455	65	798	278	3	23	1,050
Foreign companies	410	151	159	100	355	55	1	1	408
TOTAL	1,490	710	615	165	1,156	334	4	24	1,462

Absenteeism rate

(calculated as the number of sick leave days/number of workdays)

REGION	WORKDAYS	SICK LEAVE DAYS	RATIO
Pelion S.A.	17,860	581	3%
Polish companies	1,431,087	77,416	5%
Foreign companies	387,317	7,420	2%
TOTAL	1,836,264	85,417	5%

Injury rate

(all injuries were classified as minor)

REGION	AVERAGE HEADCOUNT IN 2013 (FTEs)	AVERAGE HEADCOUNT IN 2013 (FTEs)	INJURY RATE (NUMBER OF INJURIES PER 1 EMPLOYEE)
Pelion S.A.	69	0	0.0%
Polish companies	5,490	27	0.5%
Foreign companies	1,311	5	0.4%
TOTAL	6,870	32	0.5%

No occupational diseases were reported.

Salaries and wages

Under the adopted HR Policy, the Pelion Healthcare Group's employees are remunerated according to their performance, job grade, competencies, and the employer's economic and financial situation. To ensure that remuneration paid to employees is adequate, the Company monitors the level of salaries and wages on an on-going basis and compares it with market rates applying to similar jobs. Depending on the job grade, the overall remuneration package comprises: base pay, variable performance-related (bonus) pay, and additional benefits, including: prescription drug insurance, sports and recreational activities, as well as professional and personal development programmes (training, post-graduate courses).

No workplace discrimination cases were reported at the Company.

Male-to-female remuneration ratio

(base pay)

REGION	AVERAGE PAY	SEX		M/F AVERAGE REMUNERATION RATIO
		F	M	
Polish companies (PLN)	3,641	3,341	3,798	88%
Foreign companies (LTL)	2,144	2,036	2,920	70%

TRAINING

In 2013, employees were offered nearly 35 thousand hours of training under dozens of training projects conducted by both external companies and internal trainers. Of these, 3,000 hours were devoted to consultations for the management staff, and 10 persons continued higher education at graduate and post-graduate level.



35,000h
of training



3,000h
of consultations
for the management
staff

Selected training programmes offered in 2013

- Managers Academy ('Akademia Menedżera') – the Company's proprietary programme for Telemarketing Managers from 13 towns and cities in Poland, heads of telemarketing departments at Pharmapoint, Urtica, Pharmbook, and PGF S.A.; the training programme covered topics such as: handling difficult issues with employees, with special emphasis on employee dismissal standards; non-financial incentives; manager's mediations; and staff recruitment.
- Sales techniques training for telemarketing staff working all around Poland.
- Teambuilding, teamwork and interpersonal communication training for key management staff and selected sales departments.
- Customer service training for customer complaints and invoicing departments.
- Language courses for selected employee groups.
- Lean management training for 59 employees at BSS S.A.
- Five-module training programme on quality management, internal audit, and validation of IT-supported processes.
- 'ROI or JOY', or pharmacoeconomics in practice ('ROI czy RAJ, czyli rzecz o ekonomice aptecznej'); Recruitment/Labour Law and communication training related to sale of substitute (generic) drugs for employees of 81 pharmacies.
- Customer service standards training for pharmacy managers.
- Model Pharmacy ('Apteki Wzorcowe') – the goal of the project is to assign more responsibility to a pharmacy manager for the pharmacy's business performance, and, at the same time, give more empowerment in decision-making, especially with respect to staff recruitment and incentives, cost management, etc. In 2013, the project covered 11 model pharmacies testing new solutions, and more pharmacies will join the project in 2014.
- 'A Prescription for Success' Training Pharmacy project (Apteki Szkoleniowe 'Recepta na Sukces') – the goal of the project is to train pharmacy managers on the procedures and standards applied at DOZ, select leaders, and establish 26 so-called 'training pharmacies' in Poland, where new managers will undergo intensive 5-day training under the watchful eyes of more experienced employees. For a period of 3 months following completion of the training, new managers will then receive assistance from their respective training pharmacy's manager, who will answer all their questions and doubts. The project is also focused on the recruitment of new talents among graduates of academic study programmes in pharmacy (holding an MPharm degree) and their professional development as future pharmacy managers.

Training modules offered under 'A Prescription for Success' project

- Management skills training, including basic communication and feedback, development of skills required to tackle challenging management situations, and development of effective communication skills
- Two-day Introductory Training, covering development of trainer and presentation skills, checklists and training programmes
- Effective Manager training, covering skills such as task delegation, employee motivation, feedback, team leadership and team building.



Management Staff Training at Pelion. Sterdynia, June 2013.



Communication training for employees. October 2013.

Recruitment and employer branding

In 2013, Pelion Healthcare Group companies received more than 11 thousand job applications. In line with the adopted HR Policy for 2013–2015, the Company attached great weight to internal recruitment processes and favoured candidates from its local markets.

Percentage of top managers recruited from the local market¹

REGION	NUMBER OF TOP MANAGERS RECRUITED FROM THE LOCAL MARKET (FTEs, AS AT DEC 31 2013)	% OF TOP MANAGERS RECRUITED FROM THE LOCAL MARKET (FTEs)
Pelion S.A.	14	74%
Polish companies	37	77%
Foreign companies	4	67%
TOTAL	55	75%

While continuously raising the bar on our recruitment standards, bearing in mind that they have a direct impact on the candidates' impressions from the recruitment process, the Pelion Healthcare Group joined the Coalition for Friendly Recruitment – a group of companies implementing and supporting good recruitment practices.

Once again, the Company took part in the Career Programme organised in cooperation with the Polish Business Roundtable, offering 10 internship jobs for students, who could gain valuable job experience at the Group's marketing departments of the wholesale and retail lines, as well as our PR, HR, finance or controlling departments.

Under the 'Youth in Łódź' ('Młodzi w Łodzi') Programme, the Company offered internships and scholarships to best performing students and organised finance and controlling training for students. 17 students worked as interns at Pelion Healthcare Group companies, and 258 persons underwent their six-month internships required for obtaining the Master of Pharmacy degree or the Pharmacy Technician licence at the *Apteka Dbam o Zdrowie* pharmacies.

COMMITMENT (2013) -> continuation

To continue partnership with higher education institutions in Łódź and to develop employer branding projects addressed to specialists



'Youth in Łódź', 'Career Programme', traineeship and internships programmes, and mentoring



Ewelina Ferdzyn

Student of the Faculty of Economics and Sociology of University of Łódź, Intern in the PR Department at Pelion S.A.

With my academic major, I have always wanted to be an intern at a large corporation with a strong PR department. My participation in the 'Career Programme' gave me an opportunity get an insight into the ins and outs of work at such a department. Most of my fellow students told me that their internships were all about making photocopies and coffee. Unlike them, I was involved in the Company's major projects and entrusted with independent and responsible duties – just as any other employee. Obviously, I was under the watchful eye of my mentors, who offered their knowledge and support at all times. I also volunteered at the Global Dignity Day event organised by Pelion. This, too, was an unforgettable experience for me, in addition to all other valuable lessons learned during my internship.

1. The local market is understood as a province, region or another local administrative unit where the subsidiary's head office is located.

Pelion Healthcare Group HR Policy for 2013-2015

The Group's HR Policy, adopted by resolution of the Pelion Management Board in October 2013, sets out the standards for the management of human resources. The document emphasises that the Pelion Healthcare Group companies build their **organisational culture** in conformity with the law and standards of ethics, while promoting mutual respect and knowledge sharing. In all their dealings, they adhere to the principles of **equal treatment** and refrain from any form of discrimination, supporting and promoting openness, diversity and tolerance at the workplace. They build effective cooperation and solid relations with employees based on good **internal and external communication**. In the **recruitment and employment** process, the Pelion Healthcare Group companies seek to hire and retain loyal people who work with passion and involvement, offering them a stable job, great prospects for development, and a **friendly and safe work environment** in exchange. They have implemented remuneration, incentive and development systems based on clear and transparent rules, and they guarantee an attractive pay structure and a broad range of additional benefits. Employees are encouraged to participate in **employee volunteer programmes and charity events**, while the company supports their efforts with effective and modern forms of charity. Through various forms of **employer branding** initiatives, the Group companies build the Pelion Healthcare Group's image as an attractive and trustworthy employer.

The **HR department** staff play a special role in the Group's personnel policy, as they are partners for managers and, at the same time, mentors and trainers for employees.



Olga Rosłonek

PR Specialist at Pelion S.A., Volunteer of the Year 2013 of the 'Dbam o Zdrowie' Foundation

Volunteering fills the gap between work and personal life. It provides a diversion from our everyday routine and, at the same time, offers a chance to do something that really matters. Interaction with other employees, with whom we do not talk to on a daily basis at work, is a chance to get to know them better and become more integrated. But most of all, together we can make a difference. There are so many people around us who need help, and sometimes even a little thing can put a smile on somebody's face.



Company's volunteers who dedicated their run in the 2013 'Łódź Maraton - Dbam o Zdrowie' marathon to the patients under the care of the 'Dbam o Zdrowie' Foundation.

The Pelion Healthcare Group Code of Ethics

The Code of Ethics was developed to help the Pelion Healthcare Group's employees approach certain situations they face in their everyday work. It sets the standards for ethical behaviour, reflecting the values underlying the Company's mission: good leadership, responsibility and stakeholders' trust. According to the Code of Ethics, the Pelion Healthcare Group:

- always puts patients in the centre of attention, taking care of their health to the extent it can be influenced by the Company
- builds trust in an effort to become a trading partner of choice and to cooperate with companies that share its core ethical values
- safeguards competition by applying and promoting highest standards of ethics in market competition
- counteracts corruption by putting a ban on any form of corrupt practices; maintains the company value by protecting its reputation and securing its tangible and intangible assets
- builds an employee-friendly company, offering fair terms of employment in a friendly work environment, fostering employees' professional and personal development, and promoting healthy lifestyles
- creates a better reality by getting involved and encouraging others to get involved in social projects and improvement of the health condition of the Company's employees and the society in general
- cares for the natural environment, searching for new ways to minimise its negative environmental impacts.



Katarzyna Kowalska

Personnel Management Officer at Pelion S.A.

Introduced in 2013, our Code of Ethics was an answer to the need to record in writing the rules of ethics which had always governed our activities, but had never been formalised before. We believe that the Code of Ethics will help us eliminate any unwanted attitudes and behaviours, and will improve communication and cooperation not only between our employees, but also in dealings with our trading partners. The Code is intended to safeguard our Company against the devastating effects of conflicts and misconduct, and to build confidence among our customers, counterparties and trading partners, trustworthiness of our staff, and loyalty of our employees. The Code of Ethics was based on the Company's mission: 'I Care for Health – our passion, your investment', and highlights the three core values, which are a driving force behind our everyday activities: good leadership, responsibility and stakeholders' trust. The Code is addressed to all our employees, irrespective of their job grade or place of work, but it is also our intention that the Code sends a clear message to our suppliers, customers, and other trading partners about our basic ethical values. We believe that responsibility, reliability and integrity pay off, as they strengthen the Company's good name, which ultimately leads to sustainable development and long-term stability.

COMMITMENT (2013–2015) -> continuation

To finish the work on and to implement the Code of Ethics



Preparation and presentation the Code of Ethics – with training planned for 2014

Your IDEA Is a Plus For Us – From imagination to innovation

'Your IDEA Is a Plus For Us' ('IDEA na plus') is a programme for all employees at the Pelion Healthcare Group; the intention is to involve them in the Company's development and the search for business innovations, promote openness in our mutual relations, and improve the work atmosphere and workplace conditions.

Every Pelion Healthcare Group employee may propose a new, innovative idea for a business solution, or an improvement or optimisation of our business processes in any area of our activity, by using a standard form available at www.ideanaplus.pl. Proposals are evaluated by members of the Pelion S.A. Management Board; once a quarter, they announce the winners whose proposals can be implemented in practice. Authors of the most appealing ideas receive attractive prizes and have a chance to work with the project team.

In the first edition of the programme, implemented in the fourth quarter of 2013, more than 30 applications were received; of these, five winners were selected. Some of the winning projects are now being tested; if they pass the test, they stand a good chance of being implemented throughout Poland.

'Your IDEA Is a Plus For Us' has become very popular among employees and has received positive feedback. 2014 will see another edition of the project.



Winners of the 1st edition of the 'Your IDEA Is a Plus For Us' project with Jacek Sz wajkowski, President of the Pelion Management Board.



YOUR IDEA IS PLUS FOR US

FROM IMAGINATION TO INNOVATION

DO YOU WORK FOR OR COOPERATE WITH THE PELION HEALTHCARE GROUP? DO YOU HAVE AN INTERESTING IDEA FOR THE IMPROVEMENT OF OUR BUSINESS AND WANT TO SHARE IT WITH US?

IF YOU DO, JOIN OUR NEW 'YOUR IDEA IS A PLUS FOR US' PROJECT, WHERE YOU CAN PROPOSE YOUR OWN IDEAS FOR THE IMPROVEMENT OF OUR SERVICE QUALITY, SATISFACTION OF OUR CUSTOMERS, AND EFFICIENCY OF YOUR OWN WORK.

THE MOST INTERESTING AND INNOVATIVE PROPOSALS WILL BE REWARDED

MORE INFORMATION ABOUT THE PROGRAMME COMING UP SOON AT WWW.IDEANPLUS.PL

YOUR IDEA IS PLUS FOR US

INSPIRE OUR GROWTH

www.ideanaplus.pl

facebook.com/ideanaplus

YOUR IDEA IS PLUS FOR US

YOUR IDEAS ARE ALWAYS ON THE PLUS SIDE

www.ideanaplus.pl

facebook.com/ideanaplus

YOUR IDEA IS PLUS FOR US

YOUR HEAD IS FULL OF IDEAS, TOO

www.ideanaplus.pl

facebook.com/ideanaplus



With the Wellness Programme, the Pelion Healthcare Group offers its employees a chance to improve their health, psychological and physical condition, and to eradicate unhealthy habits, by focusing on three key areas: physical activity, healthy diet and lifestyle, and work-life balance.

The project is widely popular and integrates our employees through group activities, fostering a change of bad habits and attitudes, and growing interest in the Company's health awareness initiatives which have been implemented for many years. The Wellness Programme is part of a long-term strategy which aims at reducing costs through improved employee performance, reduction of absenteeism, and lower spending on healthcare. It is also intended to enhance the Pelion Healthcare Group's image as an attractive and trustworthy employer.

In 2013, as part of the Programme, more than 80 employees attended meetings devoted to a healthy diet and preparation of wholesome meals for work; more than 40 employees participated in the 'Backbone Academy' classes and used more than 400 minutes of professional back massage; more than 100 employees pedalled over 2,200 kilometres in total at the 5th company bike tour; 100 employees got vaccinated against influenza before the autumn and winter season; and nearly 2 tonnes of fruit were consumed during the 'Fruit Days' organised at the Company. In 2014, the Company will continue all current projects and give a go-ahead to new initiatives; we are working on a web platform for the Wellness Programme blog (www.pelionwellness.com), which will contribute to building a community of employees who want to live a healthy life, and will serve as a database of the Company's all health awareness projects.

COMMITMENT (2013) -> continuation

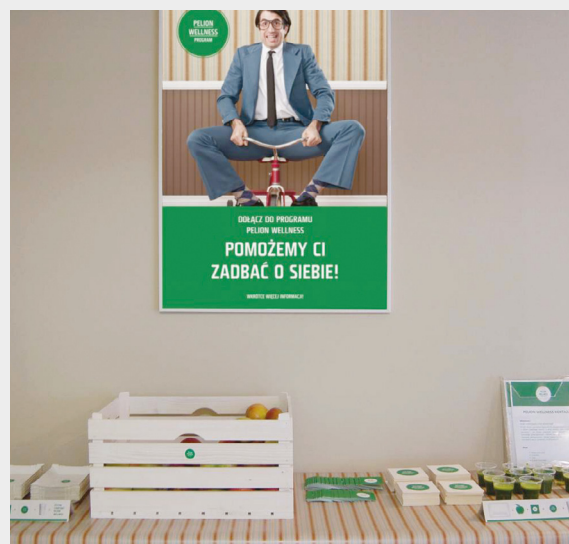
To support health awareness among the Pelion Healthcare Group's employees based on an organised programme of activities



Pelion Wellness Programme, 'Łódź Maraton Dbam o Zdrowie' marathon, and healthcare advice programme at DOZ



The 'Fruit Days' event, part of the Pelion Wellness Programme, enjoys wide popularity among employees.





GLOBALDIGNITY

Global Dignity Day, which falls on the third Wednesday in October, is a global initiative aimed at making young people around the world aware of other people's right to dignity. The Pelion Healthcare Group has been supporting the Global Dignity initiative since 2009.

Our volunteers and special guests, usually well-known people who have gained recognition and respect for their achievements in various areas, meet with young people at schools to discuss the subject of dignity.

In 2013, the Global Dignity event was organised at eight schools in Łódź. Students had a chance to meet and talk to such interesting people as: Jan Morawiec, an 81-year-old multi-marathon runner; Fr. Jacek Ambroszczyk, director of Caritas at the Archdiocese of Łódź; Jacek Grudzień, director of the Łódź branch of Polish Television; Tomasz Grzywaczewski, journalist, traveller, and spokesperson of the Explorers' Festival; Teresa Latuszewska-Sydra, vice-president of the Urban Forms Foundation; Anna Cymmerman, opera singer; Andrzej Janeczko, lead singer of the band Trzeci Oddech Kaczuchy; Krzysztof Cwynar, singer and songwriter; and Anna Maria Wesółowska, judge.

COMMITMENT (2013) - > continuation

To promote and organise the Global Dignity Day



More schools and more guests



Anna Cymmerman, opera singer, and Andrzej Janeczko, co-founder and leader of the band Trzeci Oddech Kaczuchy, at a meeting with students at School No. 19 in Łódź during the Global Dignity Day event. October 2013.

The Global Standard for Workplace Gender Equality certificate



As one of only four organisations from around the world, DOZ S.A., a CEPD N.V. group company, was certified to the Global Standard for Workplace Gender Equality. The certificate is awarded by the Gender Equality Project (GEP) Foundation operating at the World Economic Forum in Davos, whose main objective is to eliminate opportunity gaps and promote gender equality in employment. Award of the certificate was preceded by a three-stage verification process held in 2011–2012, which included, among other aspects, a comprehensive analysis of data on the workforce structure in the Dbam o Zdrowie pharmacy network, an anonymous questionnaire for employees, and internal audits. Areas under assessment included the ratio of female to male remuneration, the recruitment and promotion system, the percentage of women in the company's governing bodies, and access to training and flexible work arrangements. The Company plans to obtain the same certificate in Lithuania, where the current headcount is 1,300 employees.



Wojciech Lorenc
HR Director at CEPD N.V.

By ensuring equal opportunities for women and men alike, we can draw on a larger pool of talent, and create and strengthen our reputation on the labour market. It is easier for companies who seek to bridge gender gaps in remuneration, training, advancement, and career development to build trust and satisfaction among employees. The Gender Equality Project's certificate comes as a great honour, but most importantly it commits us to continue pursuing and promoting equal career opportunities for men and women. This is of particular relevance to our organisation, where women represent a vast majority of the workforce.



The Company attaches great weight to gender equality at the workplace.



Jadwiga Hałaczekiewicz

Personnel Management Director at Pelion S.A.

In 2013, we completed two major HR projects: the Pelion Healthcare Group HR Policy and the Code of Ethics.

As a result, in 2014 we will operate in compliance with the new HR Policy and we will implement the rules contained in Code of Ethics.

COMMITMENT FOR 2014

- Implementation of the Code of Ethics – training for managers and information campaign for all employees; appointment of the Ethics Officer; launch of a helpline for employees
- A training programme promoting equal treatment and preventing workplace mobbing (joining the group of signatories of the European Diversity Charter)
- Launch of the intranet and projects aimed at improving communication between companies
- Employee healthcare programme – a pilot project
- Employee satisfaction survey
- Implementation of a system of development programmes and training for High Potentials
- Implementation of the Pelion Wellness Programme at other Group companies – launch of the Pelion Wellness Programme blog to build a community of employees who care or want to care for their health. This tool will promote all Pelion Wellness Programme initiatives, including the 'Łódź Maraton Dbam o Zdrowie' marathon.



Every year, the Company organises bike tours for employees and their families.



Participants of the bike tour on the Łódź Heights. May 2013.





**FINANCIAL
PERFORMANCE
OF THE PELION GROUP**

Financial performance of the Pelion Group

Financial performance

Revenue

In 2013, the Group delivered revenue of PLN 7.3bn, which represents a 9.2% growth year on year. At the same time, the Polish market for wholesale distribution of pharmaceuticals to pharmacies and hospitals expanded by approximately 9.4%¹, and the pharmacy market – by 4.6%². In Lithuania, the pharmaceutical wholesale market grew at a rate of 8.0% in the period³.

The Pelion Group strengthened its market position in the segment of wholesale distribution to pharmacies and continued as the leader in the segment of sales to hospitals. As at the end of 2013, the Group's share in the Polish market of wholesale distribution to pharmacies was over 21%³. A geographical analysis of the revenue structure shows that in a number of regions in Poland the Group is the leader in the wholesale to pharmacies.

Similarly to previous years, an overwhelming proportion of merchandise sales was wholesale, which represented 72.4% of total revenue, including wholesale to hospitals, accounting for ca. 18% of Pelion's total turnover.

Gross profit

In 2013, the Group's gross profit stood at PLN 836.4m, up 1.1% year on year from PLN 827.4m reported in 2012. At 11.5%, the gross profit margin was down 0.9 pp on 2012, partially as a result of the reduction of the wholesale margin on reimbursable drugs in Poland by another percentage point in 2013.

Gross profit margin = gross profit/revenue

Distribution costs and administrative expenses

Distribution costs and administrative expenses in 2013 totalled PLN 699.4m, down 1.1% on 2012, with the SG&A ratio standing at 9.6% after a 1.0 pp year-on-year decrease.

SG&A ratio = (distribution costs and administrative expenses)/revenue

The lower distribution costs and administrative expenses resulted from restructuring measures taken in H2 2012, mainly in the retail business in Poland. The SG&A ratio decreased in 2013 also on the back of cost savings in the wholesale segment.

EBIT and EBITDA

In 2013, the Group's other expenses exceeded other income, which reduced its operating profit by PLN 7.4m (in 2012, the Group recorded net other expenses of PLN 20.5m).

In the same period, the higher amount of gross profit, combined with lower operating expenses, contributed to a PLN 27.5m year-on-year increase in operating profit. The Group earned operating profit of PLN 128.3m, with operating margin at 1.8%, up 0.3 pp on 2012.

EBITDA for 2013 stood at PLN 164.4m, up PLN 24.8m year on year. The EBITDA margin was 2.3%, 0.2pp higher than in 2012.

Finance income and cost

In the reporting period, the Pelion Group recorded PLN 19.6m in finance income and PLN 37.9m in finance cost. Finance income included primarily interest received (accounting for 95% of the Group's finance income), while finance cost consisted mainly of interest on financial liabilities (nearly 75% of finance cost).

Net finance cost at the Pelion Group in 2012–2013 (PLNm)

	2012	2013
Finance income	24.5	19.6
Finance cost	48.8	37.9
Net finance cost	24.3	18.2

1. Based on 2013 Yearbook of IMS Health.

2. Based on Barometr PharmaExpert, 2013.

3. Based on IMS Health, 2013.

Profit before tax and net profit

In 2013, the Group's profit before tax was PLN 110.1m, and pre-tax margin reached 1.5%. Net profit for 2013 stood at PLN 100.2m, up nearly 75% year on year (PLN 57.4m in 2012), and net margin was 1.4%, 0.5 pp higher than in 2012.

Non-recurring events with a material bearing on the Group's performance in 2013:

- Due to a decline in prices of investment land, the Group recognised impairment losses on investment property of PLN 2.0m. The impairment reduced operating profit.
- The Group recognised a deferred tax asset in anticipation of future economic benefits from an income tax exemption of PLN 20.9m received by a Group company in connection with its operations in a Special Economic Zone. The amount increased consolidated net profit.

Earnings per ordinary share

In 2013, the Group's EPS ratio was up 82% on 2012 (from PLN 4.88 to PLN 8.88).

Profitability ratios

	2012	2013
Gross profit margin	12.4%	11.5%
EBITDA margin	2.1%	2.3%
EBIT margin	1.5%	1.8%
Pre-tax margin	1.1%	1.5%
Net margin	0.9%	1.4%

Gross profit margin = gross profit/revenue

EBITDA margin = EBITDA/revenue

EBIT margin = operating profit (EBIT)/revenue

Pre-tax margin = profit before tax/revenue

Net margin = net profit/revenue

The Group's assets

There were no major changes in the structure of assets in 2013 relative to the previous year, with current assets continuing to exceed non-current assets.

The Pelion Group's assets and sources of financing

ITEM	CARRYING AMOUNT AS AT	
	Dec 31 2012	Dec 31 2013
Non-current assets	36.9%	36.3%
Current assets, including:	63.1%	63.7%
- inventories	31.4%	31.1%
- current receivables	24.8%	24.1%
TOTAL ASSETS	100.0%	100.0%
Equity attributable to owners of the parent	21.8%	21.6%
Non-current liabilities	12.5%	14.3%
Current liabilities	65.6%	64.0%
Non-controlling interests	0.1%	0.1%
TOTAL EQUITY AND LIABILITIES	100.0%	100.0%

Non-current assets

As at December 31st 2013, the share of non-current assets in the balance-sheet total was 36.3% (December 31st 2012: 36.9%). The main items under non-current assets were goodwill (21.0% of total assets), property, plant and equipment (8.9% of total assets), deferred tax assets (2.5% of total assets) and intangible assets (1.7% of total assets).

Non-current financial assets are primarily loans advanced and interest on loans, representing 0.7% of total assets.

Current assets

As at December 31st 2013, current assets accounted for 63.7% of total assets (December 31st 2012: 63.1%).

The key items of current assets were inventories and trade receivables. The Pelion Group managed to maintain the negative working capital cycle of (-8) days as at December 31st 2013, similar to the end of 2012.

Turnover ratios in 2013 vs 2012

NO. OF DAYS	2012	2013	Y/Y
Inventory cycle	42.4	42.5	+0.1
Average collection period (trade and other receivables)	33.1	32.8	-0.3
Average payment period (trade and other payables)	83.3	82.9	-0.4
Working capital cycle	-7.8	-7.6	+0.2

The carrying amount of inventories increased by PLN 73m year on year (from PLN 777.3m as at the end of 2012 to PLN 850.4m as at the end of 2013).

The inventory cycle was 42.5 days as at the reporting date, inching up by 0.1 day year on year. Inventories accounted for 31.1% of the Pelion Group's assets, down 0.3 pp year on year.

Inventories cycle = inventories as at December 31st 2013/total revenue x 365 days

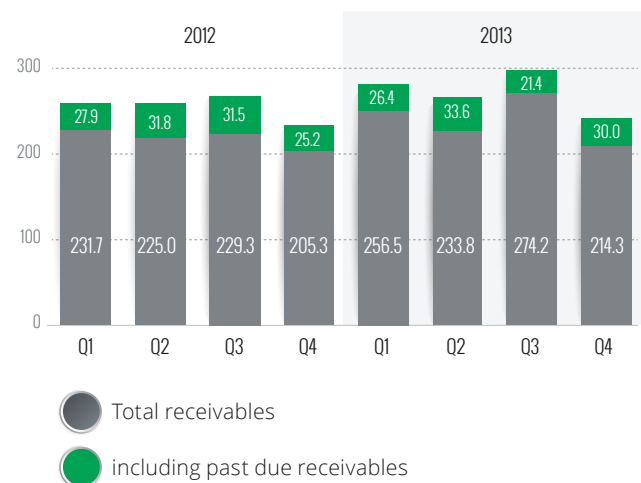
As at the end of 2013, trade and other receivables reached PLN 655.4m, up PLN 49.2m year on year. Average collection period for trade and other receivables was 32.8 days as at December 31st 2013, down 0.3 day on 2012.

Average collection period = trade and other receivables as at December 31st 2013/total revenue x 365 days

Receivables from private pharmacies stood at PLN 244.3m as at

December 31st 2013 (including PLN 30.0m of past due receivables), having grown PLN 13.9m on the end of 2012. As at December 31st 2013, receivables due and payable accounted for 12.3% of all receivables from private pharmacies (December 31st 2012: 10.9%) and included over 70% of receivables past due by up to 30 days. Current financial assets of PLN 64.1m mainly included loans advanced and interest on loans.

Portfolio of receivables from pharmacies in Poland (PLNm)



Sources of financing of the Group's assets

As at December 31st 2013, 21.6% of assets were financed with the parent's equity. Liabilities and non-controlling interests accounted for 78.4% of total equity and liabilities, up 0.2 pp year on year.

Liabilities and provisions for liabilities

Liabilities and provisions for liabilities (totalling PLN 2,139.5m) primarily included trade and other payables of PLN 1,659.1m, representing 60.7% of the balance-sheet total (December 31st 2012: 61.6%).

As at December 31st 2013, the average payment period was 82.9 days, 0.4 day shorter than as at December 31st 2012.

Average payment period = trade and other payables as at December 31st 2013/total revenue x 365 days

Financial liabilities

As at December 31st 2013, financial liabilities amounted to PLN 409.1m (December 31st 2012: PLN 357.5m), including non-current liabilities of PLN 371.6m (13.6% of the balance-sheet total).

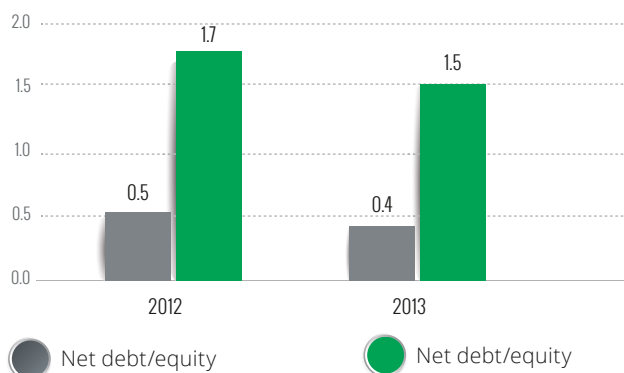
As at the end of 2013, financial liabilities increased by PLN 51.7m year on year, and represented 15.0% of the balance-sheet total (compared with 14.4% as at the end of 2012).

As at December 31st 2013, cash and cash equivalents increased by PLN 48.0m and net debt went up by PLN 3.7m, year on year.

This minor increase in net debt, combined with a rise in EBITDA, helped Pelion to reduce its debt ratios. At 0.4, the net debt to equity ratio as at December 31st 2013 was 0.1 pp lower than as at December 31st 2012. Net debt/EBITDA ratio amounted to 1.5 (2012: 1.7).

The Group has access to stable and diversified external financing sources. In 2013, the Company's ability to meet its liabilities was not limited in any way. Similarly, no difficulties are expected in 2014 as regards timely payment of liabilities.

Debt ratios



Liquidity

Liquidity ratios have been stable.

Liquidity ratios

RATIO	Dec 31 2012	Dec 31 2013
Current ratio	1.0	1.0
Quick ratio	0.5	0.5

Current ratio = current assets/current liabilities and provisions for liabilities

Quick ratio = (current assets - inventories)/current liabilities and provisions for liabilities

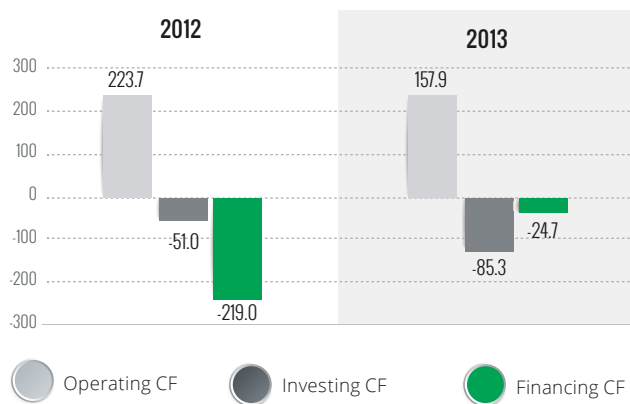
Cash flows

In 2013, the Pelion Group generated positive cash flows from operating activities of PLN 157.9m, down by PLN 65.8m on 2012. Cash flows from investing activities were negative at PLN (85.3m). Cash flows from financing activities were also negative and stood at PLN (24.7m). In 2013, net cash flows reached PLN 48.0m, and cash at the end of the period stood at PLN 161.9m.

Financial liabilities and net debt

	Dec 31 2012	Share of the balance-sheet total	Dec 31 2013	Share of the balance-sheet total
	PLNm	%	PLNm	%
Non-current financial liabilities	290.1	11.7	371.6	13.6
Current financial liabilities	67.4	2.7	37.5	1.4
Total financial liabilities	357.5	14.4	409.1	15.0
Cash and cash equivalents	113.9	4.6	161.9	5.9
Net debt	243.5		247.2	

Cash flows (PLNm)



Share buyback

In execution of the share buyback programme, by December 31st 2013, Pelion S.A. had reacquired a total of 1,663,885 own shares for PLN 75,928 thousand. Of that number, 360,974 shares with a total par value of PLN 722 thousand were cancelled in 2010, 168,141 shares with a total par value of PLN 337 thousand – in 2011, and 347,630 shares with a total par value of PLN 695 thousand – in 2012. In 2013, 590,272 shares with a total par value of PLN 1,181 thousand were cancelled. As at December 31st 2013, the Company held 196,868 treasury shares, with a total par value of PLN 394 thousand, acquired for cancellation. The shares represented 1.7264% of Pelion S.A.'s share capital and conferred the right to 1.0643% of total voting rights at its General Meeting. As at the date of approval of the consolidated financial statements for publication, the Company held 198,368 treasury shares, representing 1.7376% of its share capital and conferring 1.0717% of total voting rights at its General Meeting.

Capital expenditure and development costs

In 2013, the Group's capital expenditure was PLN 73m, including PLN 70.9m on property, plant and equipment and PLN 2.1m on intangible assets. The largest investments in property, plant and equipment were connected with the construction and modernisation of buildings and structures used by Pelion S.A. and other Group companies in their day-to-day operations. The investments were financed using internal and external sources of funding.

Planned investments

Over the next 12 months, the Pelion Group intends to invest PLN 88 million in property, plant and equipment. These investments will primarily include the extension and modernisation of logistics infrastructure, modernisation of buildings and structures, as well as purchase of IT hardware and software. In 2014, investments will be financed using internal and external sources of funding, and there are no threats to the implementation of these plans. As at the date of the financial statements, the Group did not have specific plans to make any material equity investments. However, given the changes on the pharmaceutical market and the continued process of streamlining the structure of the Pelion Group, the Group may resolve to make such additional equity investments in the future, both in the retail and wholesale segment.

Development directions

The Pelion Group's strategy is to strengthen the Group's position in all segments of the pharmaceutical market and build sustainable value on the capital market.

The Group has consistently worked on enhancing the platform for all participants of the healthcare market. In its day-to-day operations, the Company strives to be a professional and innovative organisation, and in the coming years it will support the Group companies in their search for innovative solutions by implementing novel projects, as well as developing websites and their mobile access functionalities.

The Group's strategy for 2014 provides for optimisation of processes and leveraging of synergies between all business lines. In the wholesale segment, the Group's goal is to adapt to the more challenging legal environment and maintain a strong market position, as well as a sound portfolio of receivables related to supplies to pharmacies and hospitals. In retail, the Group intends to improve its performance and focus on the pharmaceutical care programme, and in the area of services for drug producers – to expand the range of services provided. In Q4 2013, the Pelion Management Board decided to commence work on raising financing for one of its subsidiaries – PGF S.A., including an initial public offering of the PGF shares. The Management Board's decision is fully compatible with the Group's strategy to pursue dynamic development of its four core business lines.

Consolidated statement of financial position (PLN '000)

ASSETS	Dec 31 2012 (restated)	Dec 31 2013
I. NON-CURRENT ASSETS	915,028	992,277
1. Goodwill	559,493	574,860
2. Intangible assets	50,334	45,473
3. Property, plant and equipment	199,953	242,212
4. Investment property	11,074	9,100
5. Investments accounted for with equity method	5,419	5,780
6. Other non-current financial assets	17,339	19,820
7. Non-current receivables	24,973	25,656
8. Deferred tax assets	44,589	67,238
9. Other non-current assets	1,854	2,138
II. CURRENT ASSETS	1,561,705	1,741,142
1. Inventories	777,305	850,353
2. Other current financial assets	50,224	64,119
3. Current receivables	613,678	658,487
Trade and other receivables	606,183	655,393
Current tax assets	7,495	3,094
4. Cash and cash equivalents	113,906	161,891
5. Other current assets	6,592	6,292
TOTAL ASSETS	2,476,733	2,733,419

EQUITY AND LIABILITIES	Dec 31 2012 (restated)	Dec 31 2013
I. TOTAL EQUITY	541,064	593,900
1. Equity attributable to owners of the parent	538,861	590,957
1.1 Share capital	24,139	23,145
1.2 Statutory reserve funds	431,683	425,696
1.3 Treasury shares	(10,906)	(16,085)
1.4 Other capital reserves	151,722	132,719
1.5 Exchange differences on translation of subordinates	14,153	17,456
1.6 Reserves from actuarial gains and losses on post-employment benefits	-	651
1.7 Retained earnings	(71,930)	7,375
- profit/(loss) brought forward	(129,312)	(92,806)
- net profit	57,382	100,181
2. Non-controlling interests	2,203	2,943
II. NON-CURRENT LIABILITIES	309,658	389,302
1. Non-current liabilities and provisions	296,008	380,369
1.1 Other financial liabilities	290,059	371,571
1.2 Deferred tax liabilities	3,688	6,806
1.3 Long-term provisions	2,261	1,992
2. Deferred income	13,650	8,933
III. CURRENT LIABILITIES	1,626,011	1,750,217
1. Current liabilities and provisions	1,598,596	1,716,329
1.1 Other financial liabilities	67,392	37,534
1.2 Short-term provisions	3,472	4,779
1.3 Trade and other payables	1,525,917	1,659,141
1.4 Current tax payable	1,815	14,875
2. Accruals and deferred income	27,415	33,888
TOTAL EQUITY AND LIABILITIES	2,476 733	2,733,419

Consolidated income statement (PLN '000)

CONTINUING OPERATIONS	12 months ended Dec 31 2012	12 months ended Dec 31 2013
Revenue	6,685,516	7,301,991
Cost of sales	(5,858,086)	(6,465,589)
Gross profit	827,430	836,402
Distribution costs	(597,352)	(591,177)
Administrative expenses	(109,477)	(108,194)
Other income	7,935	7,801
Other expenses	(28,439)	(15,214)
Share in net profit/(loss) of associates and joint ventures accounted for with equity method	666	(1,349)
Operating profit	100,763	128,269
Gain/(loss) on investments	202	4
Finance income	24,548	19,647
Finance cost	(48,807)	(37,857)
Profit before tax	76,706	110,063
Income tax expense	(18,762)	(8,999)
Net profit from continuing operations	57,944	101,064
Total net profit	57,944	101,064
Attributable to:		
Owners of the parent	57,382	100,181
Non-controlling interests	562	883
Weighted average number of ordinary shares	11,770,352	11,279,747
Diluted weighted average number of ordinary shares	12,058,652	11,600,472
Earnings per ordinary share (PLN)		
- basic	4.88	8.88
- diluted	4.76	8.64

Consolidated statement of cash flows (PLN '000)

	12 months ended Dec 31 2012	12 months ended Dec 31 2013
A. Cash flows from operating activities		
I. Profit/(loss) before tax	76,706	110,063
II. Total adjustments	146,995	47,851
1. Share in net (profit)/loss of subordinates accounted for with equity method	,(666)	1,349
2. Depreciation and amortisation	38,797	36,091
3. Foreign exchange (gains)/losses	(3,151)	742
4. Interest and profit distributions (dividends)	26,821	14,509
5. (Gain)/loss on disposal of non-current assets	10,673	6,365
6. Change in inventories	(149,309)	(67,143)
7. Change in receivables	83,856	(46,145)
8. Change in current liabilities (net of borrowings)	153,233	112,317
9. Income tax paid	(13,910)	(11,052)
10. Other adjustments, net	651	818
III. Net cash from operating activities (I +/- II)	223,701	157,914
B. Cash flows from investing activities		
I. Cash provided by investing activities	127,066	181,517
1. Disposal of intangible assets and property, plant and equipment	10,882	5,246
2. Disposal of subsidiaries (net of cash disposed of)	470	-
3. Disposal of other financial assets	10,128	-
4. Repayment of loans advanced	98,813	168,281
5. Interest	6,740	7,097
6. Other cash provided by investing activities, net	33	893
II. Cash used in investing activities	(178,053)	(266,791)
1. Acquisition of intangible assets and property, plant and equipment	(43,545)	(54,546)
2. Acquisition of subsidiaries (net of cash acquired)	(470)	(11,558)
3. Acquisition of shares in an associate	(3,214)	(5,433)
4. Acquisition of other financial assets	(10,310)	-
5. Loans advanced	(118,060)	(192,405)
6. Other cash used in investing activities, net	(2,454)	(2,849)
III. Net cash from investing activities (I-II)	(50,987)	(85,274)

Consolidated statement of cash flows (PLN '000)

	12 months ended Dec 31 2012	12 months ended Dec 31 2013
C. Cash flows from financing activities		
I. Cash provided by financing activities	72,596	113,776
1. Net proceeds from issue of shares, other equity instruments and additional contributions to equity	-	2,369
2. Increase in borrowings, issue of debt securities	72,596,	111,407
II. Cash used in financing activities	(291,559)	(138,431)
1. Purchase of own shares	(16,182)	(26,338)
2. Purchase of non-controlling interests	(211)	-
3. Dividends and other distributions to owners	(17,851)	(22,620)
4. Dividends and other profit distributions paid by subsidiaries to non-controlling interests	(1,033)	(632)
5. Repayment of borrowings, redemption of debt securities	(221,294)	(64,057)
6. Other financial liabilities	(1,179)	(1,552)
7. Interest	(33,809)	(23,232)
III. Net cash from financing activities (I-II)	(218,963)	(24,655)
D. Total net cash flow (A.III +/- B.III +/- C.III)	(46,249)	47,985
E. Increase/(decrease) in cash, including:	(46,249)	47,985
- change in cash resulting from exchange differences	(3,224)	411
F. Cash at beginning of the period	160,155	113,906
G. Cash at end of the period (F+/- D)	113,906	161,891

GRI Content Index

Disclosure		Location of disclosure in the report	Level of reporting in 2013	Comments
1.1.	Statement from the most senior decision-maker of the organisation (executive director, Management Board President or an officer holding equivalent position) about the relevance of sustainability to the organisation and its strategy	p. 5-6	●	
2.1.	Name of the organisation	p. 119	●	
2.2.	Primary brands, products, and/or services	p. 13, 15-16, 61	●	
2.3.	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	p. 15-16	●	
2.4.	Location of organisation's headquarters	p. 119	●	
2.5.	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	p. 13, 15-16, 119-122	●	
2.6.	Nature of ownership and legal form	p. 13, 119	●	
2.7.	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	p. 15-16, 29-62	●	
2.8.	Scale of the reporting organisation	p. 1-2, 61	●	
2.9.	Significant changes during the reporting period regarding size, structure, or ownership.	p. 32	●	Changes are described in detail in the Directors' Report on the operations of the Pelion Healthcare Group in 2013, published at www.pelion.eu .
2.10.	Awards received in the reporting period	p. 77-78	●	
3.1.	Reporting period (e.g., fiscal/calendar year) for information provided	p. 4	●	
3.2.	Date of most recent previous report (if any)	p. 4	●	
3.3.	Reporting cycle (annual, biennial, etc.)	p. 4	●	
3.4.	Contact point for questions regarding the report or its contents	p. 119	●	

GRI Content Index

Disclosure		Location of disclosure in the report	Level of reporting in 2013	Comments
3.5.	Process for defining report content: <ul style="list-style-type: none"> • Including determining materiality (for the organisation and its stakeholders) • Including prioritising topics within the report • Including identifying stakeholders the organisation expects to use the report 	p. 4	●	
3.6.	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, and suppliers); see GRI Boundary Protocol for further guidance	p. 4	●	
3.7.	State any specific limitations on the scope or boundary of the report	p. 4	●	
3.8.	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	p. 4	●	
3.10.	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)		●	No restatements
3.11.	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	p. 4	●	
3.12.	Table identifying the location of the Standard Disclosures in the report	p. 111-115	●	
3.13.	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided, and the relationship between the reporting organisation and the assurance provider(s)	p. 4	●	
4.1.	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	p. 81-84	●	
4.2.	Indicate whether the Chair of the highest governance body is also an executive officer (if so, if their function is within the organisation's management and the reasons for this arrangement)	p. 82	●	

GRI Content Index

Disclosure		Location of disclosure in the report	Level of reporting in 2013	Comments
4.3.	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	p. 82-83	●	
4.4.	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	p. 81-84, 94	●	Under the Commercial Companies Code, shareholders may provide comments and recommendations to the highest governance body
4.8.	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. If applicable: <ul style="list-style-type: none"> • Explain the degree to which these are applied across the organisation in different regions and in different departments/units • Explain the degree to which these relate to international standards 	p. 13-14	●	
4.12.	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	p. 70-72	●	
4.13.	Memberships in associations (such as industry associations) and/or national/international advocacy organisations: <ul style="list-style-type: none"> • In which the organisation has positions in governance bodies • In which the organisation participates in projects or committees • In which the organisation provides substantive funding beyond routine membership dues • In which the organisation views membership as strategic 	p. 70	●	
4.14.	List of stakeholder groups engaged by the organisation	p. 70-72	●	
4.15.	Basis for identification and selection of stakeholders with whom to engage	p. 70-72	●	
4.16.	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	p. 70-72	●	

GRI Content Index

Disclosure		Location of disclosure in the report	Level of reporting in 2013	Comments
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations, and other community investments, retained earnings, and payments to capital providers and governments	p. 106-110	●	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	p. 91	●	
EN4	Indirect energy consumption by primary source	p. 60, 75	◐	
EN8	Total water withdrawal by source	p. 75	◐	
EN21	Total water discharge by quality and destination	p. 75	◐	
EN22	Total weight of waste by type and disposal method	p. 76	◐	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	p. 73	●	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	p. 35-36, 53-54, 60, 73-74	◐	
LA1	Total workforce by employment type, employment contract, and region	p. 87	●	
LA2	Total number and rate of employee turnover by age group, gender, and region	p. 88	●	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	p. 88	●	
LA10	Average hours of training per year per employee by employee category.	p. 89-90	◐	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	p. 87	●	
LA14	Ratio of basic salary of men to women by employee category	p. 89	◐	
HR4	Total number of incidents of discrimination and actions taken	p. 89	●	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country		●	In 2013, the Pelion Healthcare Group made no contributions to political parties, politicians, and related institutions

GRI Content Index

Disclosure		Location of disclosure in the report	Level of reporting in 2013	Comments
SO4	Actions taken in response to incidents of corruption		●	No incidents of corruption and related misconduct were reported in 2013
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes		●	No cases of anti-competitive behaviour, anti-trust, and monopoly practices were reported in 2013
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	p. 49	●	In 2013, a penalty of PLN 486,100 was imposed on one of the Group's subsidiaries (DOZ S.A.) for a breach of the ban on advertising
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	p. 53, 61-62	●	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes		●	No such incidents were reported in 2013
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	p. 53-54, 61-62	●	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		●	No such incidents were reported in 2013



full



partial



Deloitte Advisory Sp. z o.o.
z siedzibą w Warszawie
Al. Jana Pawła II 19
00-854 Warszawa
Polska

Tel.: +48 22 511 08 11
Fax: +48 22 511 08 13
www.deloitte.com/pl

Independent assurance report pertaining to the non-financial part of the Integrated Annual Report 2013 of Pelion Healthcare Group

To the Management Board of Pelion S.A.

We have reviewed the non-financial part of the Integrated Annual Report 2013 of Pelion Healthcare Group ("Integrated Annual Report") developed by Pelion S.A. with the registered address in Łódź, at ul. Zbąszyńska 3 ("Company"), with respect to indicators reported on the basis of G3 Sustainable Development Reporting Guidelines for C level issued by Global Reporting Initiative (GRI). The assurance works covered the period from 1 January 2013 to 31 December 2013 with relation to quantity and quality of available evidence.

The Management Board of the Company is responsible for reliable, correct and fair information and for correct preparation of the documentation. Our task was to issue an independent assurance report based on the Integrated Annual Report.

Our procedures did not include assessment of the fairness, correctness and completeness of documents provided by the Company, nor did they constitute an audit of the internal control system implemented therein. Therefore, we do not express an opinion regarding correctness of the system. Our procedures did not constitute an audit of financial statements as defined in the Accounting Act. Therefore, we do not express an opinion concerning the auditor's Report nor do we make statements regarding the financial statements of the Company as determined in regulations applicable to certified auditors.

Planning and performing our works had the nature of a limited assurance engagement performed in line with ISAE 3000 (Assurance Engagements Other than Audits or Reviews of Historical Financial Information), which requires us to plan and perform the engagement in a manner which allows for limited assurance that the non-financial part of the Integrated Annual Report does not include significant misstatements. The scope and methodology of a review of the Integrated Annual Report significantly differ from those applied during an audit, which is aimed at expressing reasonable assurance. The purpose of the review is not to issue an opinion on correct, true and fair nature of the Integrated Annual Report, and therefore no such opinion has been issued. The procedures followed during the review of the non-financial part of the Integrated Annual Report comprised:

- Identifying issues and results significant for the content of the Integrated Annual Report from the viewpoint of the corporate social responsibility strategy followed by the Company and stakeholders' expectations;
- Comparing data included in the non-financial part of the Integrated Annual Report to those presented in the Financial Statements of Company for 2013;
- Interviewing individuals in charge of the implementation of the corporate social responsibility strategy in the Company and of the preparation of Integrated Annual Report;
- Verifying the information included in the Integrated Annual Report for compliance with the internal documentation of the Company;
- Assessing the level of compliance with Sustainable Development Reporting Guidelines and GRI Reporting Framework.

Based on the review we obtained limited assurance that the information concerning indicators fully reported by the Company included in the non-financial part of the Integrated Annual Report developed by the Pelion S.A. is free from material misstatements and it is compliant with G3 Sustainable Development Reporting Guidelines for level C issued by Global Reporting Initiative.



Deloitte Advisory Sp. z o.o.

Warsaw, 03 April 2014

District Court for the Capital City of Warsaw, National Court Register
No.: KRS 0000004728
Tax Identification Number (NIP): 527-020-73-28, Industry Identification
Number (REGON): 006233202
Share capital: PLN 16,000,500
Member of Deloitte Touche Tohmatsu Limited



Deloitte Polska
Spółka z ograniczoną odpowiedzialnością Sp. k.
Al. Jana Pawła II 19
00-854 Warsaw
Poland

Tel.: +48 22 511 0811 Fax: +48 22 511
08 13 www.deloitte.com/pl

AUDITOR'S OPINION

To the Shareholders and Supervisory Board of PELION S.A.

We have audited the attached consolidated financial statements of the Pelion Group, the Parent of which is Pelion S.A., with its registered office at ul. Zbąszyńska 3, Łódź, Poland, comprising consolidated statement of financial position as at December 31st 2013, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the financial year January 1st–December 31st 2013, as well as the notes, including information on the applied accounting policies and other explanatory information.

The Management Board of the Parent is responsible for the preparation of the consolidated financial statements and Directors' Report on the Group's operations in compliance with the applicable laws and regulations.

Moreover, the Parent's Management Board and members of its Supervisory Board are responsible for ensuring that the consolidated financial statements and the Directors' Report on the Group's operations meet the requirements stipulated in the Polish Accountancy Act of September 29th 1994 (Dz. U. of 2013, item 330, as amended – the 'Polish Accountancy Act').

Our responsibility was to audit the consolidated financial statements and to issue an opinion as to whether the consolidated financial statements comply with the accounting policies adopted by the Group, and whether they give, in all material respects, a true and fair view of the Group's assets, financial standing and financial performance.

We have planned and performed our audit of the financial statements in accordance with:

- Chapter 7 of the Polish Accountancy Act,
- the professional auditing standards issued by the Polish National Board of Chartered Auditors.

We have planned and performed our audit so as to obtain reasonable assurance enabling us to express an opinion on the financial statements. In particular, our audit included an assessment of correctness of the accounting policies applied by the Parent and subsidiaries, an examination – largely on a test basis – of accounting evidence and records relevant to the amounts and disclosures in the consolidated financial statements, as well as an overall evaluation of the consolidated financial statements. We believe our audit provided us with sufficient basis to issue an opinion.

District Court for the Capital City of Warsaw, National Court Register No.: KRS 0000446833,

Tax Id (NIP): 527-020-07-86, Industry Identification Number (REGON): 010076870

Member of Deloitte Touche Tohmatsu Limited

1

In our opinion, the consolidated financial statements we have audited, in all material respects:

- present fairly and clearly all the information relevant to the assessment of the Group's assets and financial standing as at December 31st 2013, as well as its financial performance for the period January 1st – December 31st 2013;
- were prepared in compliance with the International Accounting Standards, International Financial Reporting Standards and the related interpretations issued in the form of the European Commission's regulations, as well as – in respect of matters not regulated by those standards – in compliance with the Polish Accountancy Act and the secondary legislation issued thereunder,
- comply with the laws applicable to the Group and affecting the contents of the consolidated financial statements.

The Directors' Report on the Group's operations for the financial year 2013 is complete within the meaning of Art. 49.2 of the Polish Accountancy Act and the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009, and the information contained in the Directors' Report which is sourced from the audited consolidated financial statements, is consistent with these financial statements.



Maria Rzepnikowska
Lead Auditor
performing the audit,
Reg. No. 3499

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k., qualified auditor of financial statements, entered in the list of qualified auditors maintained by the National Board of Statutory Auditors under Reg. No. 73:



Maria Rzepnikowska – President of the Management Board of Deloitte Polska Sp. z o.o.
- general partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, March 19th 2014

Contact details



Pelion S.A.

ul. Zbąszyńska 3
91-342 Łódź, Poland
www.pelion.eu

Management Board Office

Tel.: (+48 42) 200 75 10
Fax: (+48 42) 200 73 33
Email: biuro_zarzadu@pelion.eu

Investor Relations

Tel.: (+48 42) 200 70 00
Fax: (+48 42) 200 74 32
Email: investor_relations@pelion.eu

Press Office

Tel.: (+48 42) 200 74 74
Fax: (+48 42) 200 75 35
Email: biuro_prasowe@pelion.eu

CSR

Elżbieta Łacina
Tel.: (+48 42) 200 74 64
Fax: (+48 42) 200 75 35
Email: elzbieta.lacina@pelion.eu

WHOLESALE



P G F

Polska Grupa Farmaceutyczna S.A.

(formely PGF – HURT Sp. z o.o.)
ul. Zbąszyńska 3
91-342 Łódź, Poland
Tel.: (+48 42) 200 75 55,
Tel.: (+48 42) 200 80 44
Fax: (+48 42) 200 74 33
Email: pgf.sa@pgf.com.pl
www.pgf.com.pl



Pharmapoint Sp. z o.o.

ul. Zbąszyńska 3
91-342 Łódź, Poland
Tel.: (+48 42) 200 80 16
Fax: (+48 42) 200 80 05
Email: info@pharmapoint.pl
www.pharmapoint.pl

Region of Kujawy and Pomorze

PGF - Bydgoszcz S.A.

ul. Magazynowa 13
85-790 Bydgoszcz, Poland
Tel.: (+48 52) 323 62 17
Fax: (+48 52) 323 63 51
Helpline: 801 154 010

Region of Lublin

PGF Cefarm - Lublin Sp. z o.o.

Al. Spółdzielczości 78
20-147 Lublin, Poland
Tel.: (+48 81) 535 32 00
Fax: (+48 81) 535 33 99
Helpline: 800 707 788
800 137 039

Region of Łódź

PGF - Łódź Sp. z o.o.

ul. Zbąszyńska 3
91-342 Łódź, Poland
Tel.: (+48 42) 200 73 00
Tel.: (+48 42) 200 73 01
Tel.: (+48 42) 200 74 00
Fax: (+48 42) 200 74 33
Helpline 800 168 058

Region of Podlasie

PGF Łomża Sp. z o.o.

ul. Nowogrodzka 151a
18-400 Łomża, Poland
Tel.: (+48 86) 215 56 56
Fax: (+48 86) 216 77 29
Helpline: 800 127 006
800 355 933

Region of Małopolska

PGF Cefarm - Kraków Sp. z o.o.

ul. Albatrosów 1
30-716 Kraków, Poland
Tel.: (+48 12) 646 94 05
Fax: (+48 12) 646 94 10
Helpline: 800 130 036
800 144 225

South-West Region

PGF Sp. z o.o.

ul. Krzemieniecka 120
54-613 Wrocław, Poland
Tel.: (+48 71) 790 83 05
Tel.: (+48 71) 790 83 18
Fax: (+48 71) 790 83 29
Helpline: 801 120 005
801 102 011

South-East Region

PGF Aptekarz Sp. z o.o.

ul. Boya-Żeleńskiego 2
35-105 Rzeszów, Poland
Tel.: (+48 17) 875 22 05
Fax: (+48 17) 875 22 02
Helpline: 200 135 010

Region of Pomorze

PGF Sp. z o.o.

ul. Rakietowa 20
80-298 Gdańsk, Poland
Tel.: (+48 58) 349 86 01
Fax: (+48 58) 349 85 44
Helpline: 801 123 405
801 105 044

Region of the Capital City of Warsaw

PGF Sp. z o.o.

ul. Kupiecka 9
03-046 Warszawa, Poland
Tel.: (+48 22) 510 42 00
Fax: (+48 22) 510 41 41
Helpline: 800 144 200

Region of Silesia

PGF Sp. z o.o.

ul. Kolisty 5
40-486 Katowice, Poland
Tel.: (+48 32) 465 46 00
Fax: (+48 32) 465 47 81
Helpline: 801 177 188

Region of Warmia and Mazury

PGF 'CEFARM' Sp. z o.o.

ul. Spółdzielcza 25
11-001 Dywity, Poland
Tel.: (+48 89) 544 96 03
Fax: (+48 89) 544 96 06
Helpline: 800 127 039
800 169 399
800 127 024

Region of Wielkopolska

PGF CEFARM - Poznań Sp. z o.o.

ul. Władysława Węgorka 15,
60-318 Poznań, Poland
Tel.: (+48 61) 861 26 00
Fax: (+48 61) 861 26 05
Helpline: 800 161 999

Region of Zachodniopomorskie

PGF Sp. z o.o.

ul. Pomorska 115b
70-812 Szczecin, Poland
Tel.: (+48 91) 480 26 00
Fax: (+48 91) 480 25 55
Helpline: 800 161 418

HOSPITAL SUPPLIES

PGF URTICA

PGF Urtica Sp. z o.o.

ul. Krzemieniecka 120,
54-613 Wrocław, Poland
Tel.: (+48 71) 782 66 01
Fax: (+48 71) 782 66 09
Email: sekretariat@urtica.pgf.com.pl
www.urtica.pl

RETAIL

CEPD N.V.

Corporation of European
Pharmaceutical Distributors

CEPD N.V.

WTC Amsterdam, Tower A-7
Strawinskylaan 709,
1077 XX Amsterdam, the Netherlands
Tel.: (+31 20) 670 13 16
Fax: (+31 20) 670 44 28
Email: office@cepd.nl
www.cepd.nl

Press Office

Tel.: (+48 22) 329 64 16
Fax: (+48 22) 329 64 01
Email: pr@cepd.nl

DOZ.PL dbam o zdrowie

DOZ S.A.

ul. 17 Stycznia 45B
02-146 Warsaw, Poland
Tel.: (+48 22) 329 65 00
Fax: (+48 22) 329 64 01
Email: bzarzad@doz.pl
www.doz.pl

UAB NFG

Gedimino str. 13,
LT-44318 Kaunas, Lithuania
Tel.: (+370 37) 321 199
Fax: (+370 37) 320 220
Email: limedika@limedika.lt
www.limedika.lt
www.gintarine.lt
www.vaistine.lt

SERVICES FOR MANUFACTURERS

pharmalink

Pharmalink Sp. z o.o.

ul. Zbąszyńska 3
91-342 Łódź, Poland
Tel.: (+48 42) 200 80 12
Fax: (+48 42) 200 80 13
Email: logistyka@pharmalink.pl
www.pharmalink.pl

OTHER ACTIVITIES

Farm-Serwis

Farm-Serwis Sp. z o.o.

ul. Zbąszyńska 3
91-342 Łódź, Poland
Tel.: (+48 42) 200 72 22
Fax: (+48 42) 200 71 80
Email: poczta@farm-serwis.pl
www.farm-serwis.pl

BSS BUSINESS SUPPORT SOLUTION

Business Support Solution S.A.

ul. Pojezierska 90 A
91-341 Łódź, Poland
Tel.: (+48 42) 200 70 00
Fax: (+48 42) 200 74 32
Email: bss@bssCE.com
www.bssCE.com

ePRUF

ePRUF S.A.

ul. Zbąszyńska 3
91-342 Łódź, Poland
Tel.: (+48 42) 200 75 68
Fax: (+48 42) 200 78 99
Email: kontakt@epruf.pl
www.epruf.pl



Pharmena S.A.

ul. Wólczarnańska 178
90-530 Łódź, Poland
Tel.: (+48 42) 291 33 70
Fax: (+48 42) 291 33 71
Email: biuro@pharmena.com.pl
www.pharmena.com.pl



Eubioco S.A.

ul. Pojezierska 90 A
91-341 Łódź, Poland
Tel.: (+48 42) 200 79 30
Fax: (+48 42) 200 79 29
Email: eubioco@eubioco.eu
www.eubioco.eu



Bez Recepty Sp. z o.o.

ul. Zbąszyńska 3
91-342 Łódź, Poland
Tel.: (+48 42) 200 75 87
Fax: (+48 42) 200 72 68
www.bez-recepty.pgf.com.pl



'Dbam o Zdrowie' Foundation

ul. Kupiecka 11
03-046 Warsaw, Poland

Office in Łódź: ul. Zbąszyńska 3
91-342 Łódź, Poland
Tel.: (+48 42) 200 75 50
Fax: (+48 42) 200 74 33
Email: fundacja@doz.pl
www.fundacja.doz.pl



This Report is printed on Claro Silk paper,
produced with the environmentally-friendly ECF technology.



Pelion Healthcare Group

91-342 Łódź, Poland

ul. Zbąszyńska 3

Reception Desk

Tel.: (+48 42) 200 74 74

Tel.: (+48 42) 200 74 46

Tel.: (+48 42) 200 75 19

Fax: (+48 42) 200 75 35

Email: sekretariat_pelion@pelion.eu