

DMD agency, s.r.o.

VSME Sustainability Report for the fiscal year 2023/2024

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1. About the Company

DMD agency, s.r.o. (hereinafter referred to as „DMD“, the „Agency“ or the „Company“) is a marketing and advertising agency based in Zlín, Czech. Rep., founded in October 2003. The Company has 11 employees and offers comprehensive services in the field of event management, production of printed and promotional materials, digital campaigns and web solutions. DMD has a strong focus on the pharmaceutical and FMCG sectors, having over 19 years of experience in the field, and it has its own CLM system - „PharmaCLM“ - to manage its sales force and interactions with doctors and healthcare professionals.

The Agency also organises participation in professional congresses in the Czech Republic and abroad, prepares exhibition stands and provides the production of promotional items. It provides turnkey digital and multi-channel campaigns for its clients, including the collection, analysis and evaluation of marketing data. In addition to the creative industry, DMD also disposes of graphic and DTP facilities that enable to offer services „from idea to implementation“.

2. Sustainability Report

The Report is presented as a separate document. For the period 2024, the Company has no legal obligation to separately report ESG non-financial indicators in connection with the implementation of the European CSRD directive (Corporate Sustainability Reporting Directive). The Company uses the Voluntary Sustainability Reporting Standard for non-listed SMEs (VSME) reporting format to express its relationship to business sustainability and to meet the needs of business partners and other stakeholders. Given the voluntary nature of the reporting, there has been no obligation to have the Report externally verified by an independent auditor so far.

DMD Agency s.r.o. decided to prepare the Sustainability Report in the extended format „B - Comprehensive Module (including the Basic Module)“ in the structure prepared by EFRAG. The Agency aims to progressively implement all the VSME recommendations.

The Report has been prepared on an individual basis.

3. Basic Module

3.1 Basic Module – General Information

● B1: General Basis for the Preparation of the Sustainability Report

The Company is a limited liability company, its main economic activity is NACE: 731 – Advertising, while also carrying out activities corresponding to the following NACE classification:

NACE code	Description of activity
18130	Print and digital data preparation
461	Wholesale on a fee or contract basis
46900	Non-specialised wholesale trade
581	Publishing of books, periodicals and other publishing activities
620	Computer programming, consultancy and related activities
731	Advertising
73200	Market research and public opinion polling
74	Other professional, scientific and technical activities
791	Travel agency and tour operator activities

In the fiscal year (1 October 2023 - 30 September 2024), it reached:

Turnover: **EUR 1,999,245**

Balance sheet (assets/liabilities): **EUR 508,022**

Number of employees: **11 people**

The head office and places of business are in the Czech Republic, namely at Filmová 511, Kudlov, 760 01 Zlín, Czech Republic (GPS: 49.20283525290772, 17.668477695298535), with the premises being rented.

Due to the nature of the business activities and their irrelevance, the Company will not report on areas B4 to B7 (Air, Water and Soil Pollution, Biodiversity, Water and Resource Use, Circulation and Waste Management) in this Report.

● B2: Practices, Policies and Future Initiatives for the Transition to a More Sustainable Economy

During the period under review, the Company did not have any formal procedures, policies or future initiatives in place for a systematic transition to a more sustainable economy. It will systematically address its responsible approach to reducing environmental impacts in particular (objectives, measures) in the following periods.

As the Company is based in rented premises and carries out mainly office and service activities with low material and energy consumption, it has not implemented any measures such as reducing energy or water consumption.

3.2 Basic Module – Environmental Metrics

● B3: Energy and Greenhouse Gas Emissions

Table 2: Energy

	Renewable	Non-renewable	Total
Electricity (MWh)	0	30.29	30.29
Fuel (MWh)	0	146.65	146.65
Total (MWh)	176.94		

Table 3: Greenhouse gas emissions

	Scope 1	Scope 2
emissions (t CO ₂ e)	36.94	11.92
Fuel (MWh)	0	146.65
t CO ₂ e/ turnover (million EUR)	24.44	

3.3 Basic Module – Social Metrics

● B8: Labour Force – General Characteristics

The Company has a total of 11 employees. All employees are employed under a permanent employment contract for an indefinite period of time. In terms of gender composition, there are 7 men and 4 women in the Company.

In the fiscal year, an anonymous mailbox for employee suggestions and complaints was introduced, accessible via the e-mail address: etika@dmdas.cz. The system serves as an internal channel for reporting ethical and labour issues and is part of the Company's responsible management policy.

● B9: Workforce – Health and Safety

The Company reported no recordable industrial accidents during the period under review. At the same time, there were no deaths due to occupational accidents or diseases.

● B10: Workforce – Remuneration, Collective Bargaining and Training

All employees of the Company receive a salary that is higher than the statutory minimum wage in the Czech Republic. All employees are covered by social security through public programmes and benefits in the event of loss of income due to major life events (e.g. disability, illness, maternity, retirement).

None of the employees are covered by a collective agreement because there is no trade union in the Company.

The average number of hours of training per employee per year is 8 hours, regardless of the gender of the employee.

3.4 Basic Module – Business Behaviour Metrics

● B11: Convictions and Fines for Corruption and Bribery

During the period under review, the Company did not record any convictions and any fines were imposed in connection with violations of the anti-corruption laws or regulations relating to the fight against corruption.

4. Comprehensive Module

4.1 Comprehensive Module – General Information

● C1: Strategy: Business Model and Sustainability-Related Initiatives

The main activities of the Company include the design and production of promotional materials, multichannel and digital marketing, „turnkey“ design, production, and installation of exhibition stands at professional medical congresses, event management for professional events and ensuring the participation of doctors at foreign professional congresses.

Approximately 95% of our clients are multinational pharmaceutical companies. The Company operates mainly on the B2B market in the Czech Republic and Slovakia.

The Company has direct contractual relationships with its clients, mainly in the pharmaceutical sector. Major suppliers include printing companies, exhibition system manufacturers, programming companies, hostessing agencies and catering companies. Most of these partners fall into the category of SMEs.

The Company's strategy includes environmental and socially responsible elements such as:

1. Savings in energy use,
2. Consistent waste sorting,
3. Partial use of train transport instead of company cars for business trips,
4. Promoting environmentally friendly forms of transport of employees (e.g. cycling to work).

● C2: Description of Practices, Policies and Future Initiatives for the Transition to a More Sustainable Economy

Currently, the Company has no formal policies, procedures or future initiatives for the transition to a more sustainable economy in place. So far, sustainability issues are only being addressed in day-to-day operations through individual sub-measures (e.g. waste sorting, train journeys, etc.) and not as part of a systematic strategy to be developed in the coming periods.

At present, there is no specific person in the Company who is responsible for the conceptual implementation or coordination of sustainable initiatives. In general, the DMD Agency management is responsible for this area.

4.2 Comprehensive Module – Environmental Metrics

● C3: Greenhouse Gas Reduction Targets and Climate Change

For the first time, the Company set targets for reducing greenhouse gas emissions in the 2023/2024 reporting year (identical with the fiscal year) in line with the Science Based Targets initiative (SBTi) methodology. The target is aimed at an absolute reduction of 25.2% in Scope 1 and 2 emissions by 2030 compared to the base year 2023/2024 (a reduction of 4.2% over 6 years compared to the base year).

The Company has set its targets as follows:

Target year: 2030

The value in the target year: 36.55 t CO₂ e

Reference year (base year): 2023/2024, 48.86 t CO₂ e

Units: t CO₂ e

Scope of emissions included in the target: Scope 1 and Scope 2 (100%)

The Company is committed to monitoring energy consumption and identifying opportunities for savings, including without limitation in the areas that make up its Scope 1 and 2 emissions - i.e. fuel and electricity consumption. As part of this effort, the Company considers limiting business travel where it can be replaced by online communication and, where travel is necessary, preferring train travel to individual car travel. Switching to greener company vehicles is also a future option to reduce emissions. As for electricity consumption, the Company will monitor the development of the national energy mix and take advantage of the growing share of renewable energy sources in the Czech Republic.

● C4: Climate Risks

The Company has assessed that, given the nature of its business, it is not currently exposed to any significant climate risks or transient events related to climate change.

For this reason, no formal analysis of the exposure and sensitivity of assets, processes or the value chain to these risks has been carried out. The Company has not indicated any time horizons for potential climate impacts and has not adopted any specific adaptation measures as no climate threats have been identified in its case.

4.3 Comprehensive Module – Social Metrics

● C5: Other (General) Characteristics of the Workforce

The Company has fewer than 50 employees and is therefore not subject to the requirements of this part of the VSME basic module.

● C6: Additional Information about Own Workforce – Human Rights Principles and Processes

The Company has an established Code of Conduct that provides a basic framework for respecting human rights and treating all employees with dignity. This Code is binding on all employees and is based on the values of respect, equality, safety and transparency.

The Code includes an explicit commitment by the Company to prohibit child labour, forced labour and human trafficking. It also emphasises equal opportunities and zero tolerance of discrimination, harassment or bullying, regardless of gender, age, ethnic origin, health condition, sexual orientation or other characteristics. In the area of occupational safety, the Company is committed to maintaining a safe, ergonomic and psychologically supportive work environment and does not tolerate the presence of alcohol, drugs and any form of violence.

The Code of Conduct also covers other aspects of responsible business conduct, such as the protection of confidential information, personal data, intellectual property, the prevention of conflicts of interest, and rules for dealing with business partners. The Company is also committed to environmental responsibility and encourages involvement in socially beneficial activities.

The employees have the opportunity to address suggestions and complaints to the management through trusted and accessible communication channels. These include the email address etika@dmdas.cz, an anonymous form, a physical trust box at the workplace and personal contact with the persons in charge. The Company guarantees whistleblower protection - each report is treated confidentially and the whistleblower must not be subject to any form of retaliation.

● **C7: Serious Negative Human Rights Incidents**

During the reporting period, the Company did not record any confirmed incidents related to human rights violations among its own employees. In particular, there were no cases of child labour, forced labour, human trafficking, discrimination or any other serious misconduct in this area. For this reason, the Company did not take any corrective action as there was nothing to address.

The Company is also not aware of any confirmed incidents involving employees in the value chain, affected communities, customers or end users.

4.4 Comprehensive Module – Business Behaviour Metrics

● **C8: Income from Certain Sectors and Exclusion from EU Benchmarks**

The Company does not operate in any of the following sectors: controversial weapons, tobacco cultivation and production, fossil fuels, or the production of pesticides or any other agrochemicals.

The Company further confirms that it has not been excluded from any European Union benchmarks that are consistent with the Paris Agreement as specified in the relevant provision of Regulation (EU) 2018/1999 of the European Parliament and of the Council.

● **C9: Gender Diversity Ratio in the Governing Body**

There are a total of three people in the management of the Company. Of these, one is female and two are male, corresponding to a ratio of 1 : 2 in favour of men.

5. Abbreviations Used

B2B	Business-to-Business
CLM	Customer Relationship Management
CO₂	Carbon dioxide
CO₂e	CO ₂ equivalent means the conversion of other greenhouse gases into CO ₂
CSRD	Corporate Sustainability Reporting Directive
DTP	Desktop Publishing (print and digital data preparation)
EFRAG	European Financial Reporting Advisory Group
EUR	Euro (currency)
FMCG	European Financial Reporting Advisory Group
GHG	Greenhouse gas
NACE	Nomenclature statistique des activités économiques dans la Communauté européenne (Statistical classification of economic activities in the European Community)
s.r.o.	Limited liability company (Czech form of a legal entity)
VSME	Voluntary Sustainability Reporting Standard for non-listed SMEs
Scope 1	Direct emissions from activities owned and controlled by the company and which release emissions directly into the air
Scope 2	Indirect energy emissions associated with the consumption of purchased energy (electricity, heat, steam and cooling) that are not generated directly by the company but are a result of the company's activities