

Corporate governance code compliance statement

In 2023, Krka's code of reference was the *Slovenian Corporate Governance Code for Listed Companies* (hereinafter: the *Code*), adopted on 9 December 2021 by the Ljubljana Stock Exchange and the Slovenian Directors' Association. The *Code* entered into force on 1 January 2022 and is published on the Ljubljana Stock Exchange website.

We, the Management and Supervisory Boards of Krka, tovarna zdravil, d. d., Novo mesto, hereby declare that in 2023, individual members of the Management and Supervisory Boards and the Management and Supervisory Boards as bodies of a listed company acted in compliance with the principles and recommendations of the *Code*. Some of the recommendations were not implemented in full. However, we have always endeavoured to carry out these recommendations and find appropriate ways of doing so. Individual derogations from the *Code* are explained below.

In the context of self-assessment, the Supervisory Board can establish an annual training plan for its members and determine indicative training costs. In 2023, no proposal for additional training was put forward, so the plan was not adopted (Item 15.1 of the *Code*).

Supervisory Board members evaluated the Board's performance by thoroughly following the methods and *Supervisory Board Assessment Manual* prepared by the Slovenian Directors' Association. The evaluation process was carried out professionally and objectively. As there was no need for external professional support in 2023, an external assessment of the Supervisory Board's performance in collaboration with a specialised institution or other experts was not conducted (Items 16.2 and 16.4 of the *Code*). The Internal Audit of Krka monitors the procedures related to corporate governance to the extent required by *International Standards for the Professional Practice of Internal Auditing*.

We use a digital application to distribute Supervisory Board materials securely. Supervisory Board members can access the archive until the end of their terms in office (Items 14.2 and 14.6 of the *Code*), which complies with our *Information Security Policy*.

According to our *Rules of Procedure of the Supervisory Board*, the President of the Supervisory Board has two deputies: a shareholder representative and an employee representative. This is necessary to ensure the inclusion of employee representatives in the key activities of the bodies. The *Rules of Procedure of the Supervisory Board* state that when the president is absent or unavailable to attend, the shareholder representative is first to assume the president's duties and only in the absence of the former does the employee representative assume this role. This ensures we do not deviate significantly from the *Code*, which stipulates that only a shareholder representative may act as Deputy President of the Supervisory Board (Item 17.4 of the *Code*).

In 2023, Krka's 'Corporate governance statement' was reviewed by an external auditor as part of the regular audit. An additional external assessment of the statement's adequacy was not performed (Item 5.6 of the *Code*).

We do not list any association of the Management and Supervisory Board members with any governance or supervisory bodies of non-related companies in the uniform tables (Attachments C1 and C2 to the *Code* in force) in the 'Corporate governance statement' section of Krka's *2023 Annual Report*. The Management Board members do not engage in corporate governance and supervisory functions outside the Krka Group, while the information about the Supervisory Board members' engagements is included in their CVs (Item 5.5 of the *Code*). Variable remuneration for the Management Board is always paid in two parts: as an advance payment based on semi-annual results; and as back pay after the Supervisory Board confirms the annual report at their meeting, always together with the monthly salary for the following month (Item 23.2 of the *Code*).

The Supervisory Board updated the Management Board variable remuneration criteria in 2012, 2014, 2016, and 2018 in consideration of additional Management Board duties related to business strategy, changes to the business environment, or remuneration trends. The Supervisory Board also made adjustments to the remuneration policy in 2022 and submitted them for AGM approval for the first time. In line with the shareholders' comments at

this AGM, the Supervisory Board updated the remuneration policy again in 2023. It was approved with 97.45% of votes during consultative voting at the 29th AGM in 2023.

The Supervisory Board did not set the criteria every year in line with the recommendations under Item 14.11 of the *Code* because they are related to the Krka Group's long-term development strategy.

Under the *Rules of Procedure of the Management Board*, Management Board members may join supervisory boards of non-related companies only after they inform and obtain consent from the Company's Supervisory Board. This is a partial derogation from Article 21.6 of the *Code*, which addresses all companies, not only the non-related ones.

We publish contact details for investors and the public on our website but not the names of individuals (Item 31.2 of the *Code*) because several persons are in charge of various areas.

We also made the *Rules of Procedure of the Supervisory Board* public. In the 2023 'Corporate governance statement', we disclosed the composition, remits, and other aspects concerning the operation of our bodies, and hence all essential information on corporate governance. We did not publish any other operational documents regarding the bodies' performance in 2023 (Item 32.7 of the *Code*).

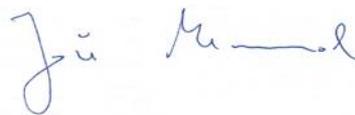
Two members of the Supervisory Board, i.e. employee representatives, could be regarded as members of the wider management team according to certain criteria (Item 13 of the *Code*). This is despite the fact that they cannot entirely independently make decisions for their respective work areas regarding financial resource allocations, employment, or strategy.

We also complied with 73% of the valid *Best Practice for GPW Listed Companies* code provisions, which applies to companies listed on the Warsaw Stock Exchange. We explain discrepancies in a separate document published in the dissemination system of the Warsaw Stock Exchange.

Novo mesto, 25 March 2024



Jože Colarič
President of the Management Board and CEO



Jože Mermal
President of the Supervisory Board