

CORPORATE GOVERNANCE POLICY OF KRKA, D. D., NOVO MESTO

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INTRODUCTION

The ***Corporate Governance Policy*** (hereafter the ***Policy***) drawn up by the Supervisory Board and Management Board of Krka, tovarna zdravil, d. d., Novo mesto, applies to the controlling company Krka, tovarna zdravil, d. d., Novo mesto (hereafter Krka) and its subsidiaries, composing the Krka Group together with the controlling company (hereafter the Krka Group).

The ***Policy*** sets the basic framework for governance and business operations of the Krka Group, and specifies our current and future commitments in economic, environmental, social, and governance areas. The ***Policy*** follows the guidelines and commitments of sustainability management and business operations, which are fully integrated into the governance and operations of the Krka Group. Balanced performance in these areas enables us to pursue the ***Krka Group Development Strategy*** and increase resilience, flexibility, and long-term sustainability of our operations. It also enhances positive impacts, reduces the likelihood of negative impacts of our business operations on society and natural environment, and reduces business and sustainability risks and their adverse consequences. All this helps us create value for all Krka's stakeholders.

1 PRIME GOVERNANCE GUIDELINES, CONSIDERING KRKA'S LONG-TERM OBJECTIVES AND VALUES, AND RESPONSIBILITIES TO WIDER SOCIAL COMMUNITY

The Krka Group develops, produces, markets, and sells prescription pharmaceuticals and non-prescription products, animal health products, and health resort and tourist services. Through strategic planning, we strive to ensure that the positive impacts of our business operations reach all stakeholders while contributing to strong, stable long-term business results.

We therefore plan adequate profitability of our business operations, the long-term dividend policy, the development and management of the employee potential, safe and healthy work environment, sustainable business operations, as well as corporate compliance and corporate integrity. We present the business model and organisational structure of the Krka Group in our annual reports. Our governance processes and business decisions are guided by our **mission, vision, and values**.

Mission	Vision	Values
Living a healthy life.	We are continually consolidating our position as one of the leading generic pharmaceutical companies in the world.	Speed and flexibility Partnership and trust Creativity and efficiency.

- **Governance**: Krka operates a two-tier corporate governance system under which the Management Board manages the company and the Supervisory Board oversees its operations. Our operations are based on the legislation of the Republic of Slovenia, Slovenian and good practices abroad, Krka's policies, and other internal rules and regulations.
- **Krka's governing bodies** are: the Annual General Meeting (hereafter the AGM); the Supervisory Board; and the Management Board.
- **Articles of Association**: According to the *Articles of Association*, Krka's primary objective is to perform profitable activities to maximise the company's value, achieve profit, and operate to the benefit of Krka, its employees, shareholders, and society.
- **Sustainability operations and governance**: The Krka Group's sustainable operations and governance have long been a cornerstone of the Krka Group's stable development and an integral part of our governance framework, which is further detailed in section 13 of the *Policy*. They are also integral to the *Krka Group Development Strategy* and the risk management system. Our business aims to provide access to healthcare with our innovative, high-quality, safe, effective, and affordable products to people worldwide. By doing so, we fulfil our mission and contribute to a healthier and higher quality of lifestyle for all. We invest in our employees, safeguard their safety, health and well-being, act responsibly towards the environment and natural resources, and operate in accordance with the highest corporate governance standards. We consistently take stakeholders' interests into account and cooperate with them.
- **The Krka Group Development Strategy**: The *Krka Group Development Strategy* focuses on maximising value for the Krka Group and generating value for Krka's key stakeholders, who in addition to end users of our medicines also include investors, employees, and the wider social community. The Management Board prepares a five-year strategy and the Supervisory Board approves it. Successful implementation of strategic objectives is measured against performance criteria established at several levels: the Krka Group; product and service groups; business functions; economic, environmental, social, and governance. The *Krka Group Development Strategy* is based on three strategic pillars.

Providing access to medicines	Vertical integration	Value creation
Uninterrupted supply of adequate quantities of high-quality, safe and effective products at affordable prices.	Development and supply of sufficient quantities of high-quality products.	Striving to ensure that the positive impacts of our operations benefit all stakeholders.

2 REFERENCE GOVERNANCE CODE

As our code of reference, we follow the *Slovenian Corporate Governance Code for Listed Companies* adopted on 2 December 2024 by the Ljubljana Stock Exchange and the Slovenian Directors' Association.

3 STAKEHOLDER GROUPS AND FORMS OF THEIR PARTICIPATION AND ENGAGEMENT

We apply the double materiality principle in assessing material impacts, risks, and opportunities associated with our operations and with upstream and downstream parts of the value chain to identify stakeholders impacted by our operations or having significant impact on Krka, as well as forms of their engagement and participation.

We maintain an ongoing dialogue with representatives of various key stakeholder groups in different forms through a range of communication channels. The purpose of stakeholder engagement is to obtain direct information about their expectations, understanding of Krka's operations and impact on individual stakeholder groups, and identify material risks and opportunities.

Stakeholder groups	Forms of engagement and participation
Patients	• Responsible, professional communication about products through various media, including social networks and digital channels
Healthcare professionals, healthcare providers, and direct customers	• Long-term partnerships • Annual online survey on satisfaction with core aspects of business operations (general satisfaction, satisfaction with products, sales personnel, order processing and fulfilment, and complaint procedures) • Suggestions for improvement • Regular information on products provided in printed and electronic forms • Direct contacts through medical representatives in 40 countries • Organisation and support for professional and educational meetings • Advanced digital content for health professionals • Feedback and opinion obtained through daily contact and market research
Employees, prospective employees, and trade union organisations	• International conferences for employees (on various topics) • Measuring organisational climate • Works Council • Worker assemblies
Regulatory agencies/ bodies and government organisations	• Long-term cooperation and provision of reliable documents
Educational and scientific research organisations	• Cooperation with secondary schools, universities and science institutes • Cooperation under the Krka Prizes Fund for young researchers
Shareholders, financial institutions, and other capital market stakeholders	• Meetings with investors at the Krka headquarters • Meetings between financial analysts and Krka management • Participation in investor conferences • Conference calls with financial analysts after releasing business results • Regular annual general meetings • Communication with financial media
Strategic partners and suppliers	• Participation in tenders and competitions • Working meetings • Audits
Indirect customers and suppliers (tier N) in the upstream and downstream value chain	• Indirect through strategic partners and suppliers
Workers in the value chain	• Indirect through strategic partners and suppliers
Local communities and non-governmental organisations	• Identification of needs of local and social environments through donations and sponsorships, annual meetings with clubs and associations, and Krka's Week of Charity and Volunteering • Open dialogue and exchange of views with residents (inclusion of environmental goal planning and sustainable environmental protection) • Cooperation with environmental organisations

Stakeholder groups	Forms of engagement and participation
Media	• Transparent information on business operations and events in press releases and responses to media inquiries • Press conferences and meetings with media representatives • Information on websites
Professional associations and interest groups	• Work with specialised development institutions and companies • Involvement in the development of professional, scientific and regulatory environments by participating in various professional and industry associations in Slovenia, the European Union, and other countries
Environment (the silent stakeholder)	• Indirect through representatives of non-governmental and governmental organisations, as well as regulatory agencies
Other users of the sustainability statement	• Transparent information on business operations and events in press releases and publications on business performance • Information on websites





4 | POLICY ON RELATIONS BETWEEN KRKA AND SUBSIDIARIES

Fully or partially owned Krka's subsidiaries operate in all areas in compliance with:

- International regulations and national legislations;
- Business cooperation contracts with Krka;
- The *Operating Manual for Subsidiaries Abroad* adopted by Krka's Management Board, which applies also to subsidiaries in Slovenia;
- Mandatory internal rules and regulations applicable across the Krka Group;
- Good business practices.

All subsidiaries within the Krka Group are subject to uniform rules on governance, organisation, and operations compliant with national legislation. Krka sets strategic guidelines and objectives for all subsidiaries in the Krka Group and monitors the implementation of their plans. Subsidiaries are primarily responsible for operating in compliance with Krka's directions and ensuring compliance with the applicable national legislation and other regulatory requirements. The Krka Group follows good governance practices for group companies issued in 2025 by the Slovenian Directors' Association.



5 COMMITMENT TO IDENTIFY ANY CONFLICT OF INTEREST AND MAINTAIN INDEPENDENCE OF KRKA'S SUPERVISORY AND MANAGEMENT BOARD MEMBERS

In addition to the ***Companies Act*** (***ZGD-1***), the ***Rules of Procedure of the Supervisory Board*** govern any potential conflicts of interest of the members. Members must consider Krka's objectives when discharging their duties and accordingly subordinate any personal interests or interests of third parties. All members are asked to complete the questionnaire on conflicts of interest. Completed questionnaires are available on Krka's website. The ***Rules of Procedure of the Supervisory Board***, which are also available on Krka's website, outline steps to be taken by members in the event of a conflict of interest. Duties of Management Board members in the event of any potential conflict of interest are governed by the ***Companies Act***, and at the operational level also by the ***Rules of Procedure of the Management Board***, which are based in particular on the ***Corporate Governance Code for Listed Companies*** and good practices. The Management Board uses a questionnaire on related parties to check whether any business relationships exist between Krka and employees. Findings are disclosed in the annual report. A Management Board member must immediately disclose a conflict of interest to the Supervisory Board, but **no later than three days after it arises**, and inform other Management Board members accordingly. Management Board members must observe the non-compete obligation throughout their terms of office. Under the ***Rules of Procedure***, they can accept seats on supervisory bodies of companies outside the Krka Group only after notifying and obtaining approval from the Supervisory Board of Krka. Generally, Management Board members do not sit on supervisory boards of companies outside the Krka Group, which further reduces the risk of a conflict of interest.

6 SUPERVISORY BOARD COMMITMENT TO SELF-ASSESSMENT

The Supervisory Board of Krka regularly conducts annual self-assessments using the methodology of the Slovenian Directors' Association. The publicly available report indicates how a self-assessment contributed to changes in performance of the Supervisory Board.

The Supervisory Board's assessment aims to:

- Evaluate the work of the Supervisory Board or committee (please see item 7) and give an opinion about any required improvements;
- Assess whether communication and cooperation between the Management and Supervisory Boards are adequate;
- Assess the contribution of individual members, their presence at Supervisory Board meetings, and their participation in discussions and decision-making;
- Verify the existence of circumstances that could lead to a conflict of interest or dependence of an individual member;
- Assess the composition of the Supervisory Board in terms of the requirements arising from Krka's goals.



7 SUPERVISORY BOARD COMMITTEES AND DETERMINATION OF THEIR FUNCTIONS

In accordance with legislation and best practice, the Supervisory Board forms committees that deal with specific areas and support its work. Several committees operate under the Supervisory Board of Krka.

7.1 Audit Committee

- Oversees financial and sustainability reporting procedures, and makes recommendations and proposals for ensuring their integrity;
- Oversees the efficiency and effectiveness of internal controls in Krka and across the Krka Group, internal audit, and the risk management system;
- Oversees statutory audits of separate annual financial statements of Krka and consolidated financial statements of the Krka Group;
- Reviews and monitors the independence of the statutory audit, in particular in relation to additional non-audit services;
- Is responsible for overseeing the auditor selection process and recommending to the Supervisory Board the appointment of the statutory auditor for auditing Krka's separate financial statements, the consolidated financial statements of the Krka Group, the consolidated sustainability statement of the Krka Group, the report on remuneration of the Management and Supervisory Board members, and the assurance report on compliance of the consolidated financial statements in electronic format with the European Single Electronic Format (ESEF) requirements, and any other statutory audits as may be required;
- Oversees credibility of financial and non-financial information given by Krka;
- Assesses the annual report content and drafts the proposal for the Supervisory Board;
- Participates in specification of the important audit engagements;
- Participates in concluding a contract between the auditor and Krka;
- Reports to the Supervisory Board on statutory audit findings, including the explanation how the committee contributed to integrity of financial accounting and sustainability reporting and its role in the process;

- Cooperates with the external auditor during the annual report audit, in particular in exchange of information about key audit-related matters;
- Collaborates with internal auditors, in particular in exchange of information about key matters subject to internal audit;
- Addresses findings and recommendations relating to potential findings of financial or tax inspections and business reporting;
- Carries out other duties arising from their competencies stipulated by the *Articles of Association* and the Supervisory Board resolutions.

In compliance with the *Global Internal Audit Standards* and the *Internal Audit Charter*, the Audit Committee undertakes other activities as well:

- Considers the proposals for the *Internal Audit Charter* updates;
- Participates in processing any incoming information to be included in the internal audit strategy and plans;
- Reviews the internal audit strategy and annual engagement plan;
- Reviews the reports on internal audit performance twice per year (i.e. interim for the first half of the year and annual);
- Reviews at least once per year the independence, positioning within the organisational structure, and adequacy of internal audit resources;
- Reviews implementation of the internal audit quality assurance and improvement programme as follows:
  - Reviews the procedures and findings of the external assessment of the internal audit conformance with the *Global Internal Audit Standards* once every five years;
  - Reviews the self-assessment questionnaire on performance of the internal audit once per year;
  - Carries out any other activities specified in the *Standards* and the *Internal Audit Charter*.

7.2 Human Resource Committee

- Draws up proposals for the Supervisory Board regarding the selection criteria and candidates for appointment to Krka's Management Board;
- Drafts proposals and criteria for evaluation of the Management Board's performance and remuneration;

- Sets and monitors objectives and criteria for the performance evaluation of the Management Board members;
- Prepares grounds for dismissal of individual Management Board members if reasons for dismissal should arise;
- Prepares proposals on salary, reimbursement, and other benefits for Management Board members;
- Drafts a list of candidates for the Supervisory Board membership to be submitted to the AGM if the Supervisory Board does not appoint a temporary nomination committee;
- Carries out any other duties and tasks according to the Supervisory Board's resolutions.

7.3 Other Committees

As needed, the Supervisory Board forms other committees on time, for example the nomination committee competent to:

- Prepare proposals regarding criteria and candidates for Krka's Supervisory Board membership;
- Provide support for evaluation of the Supervisory Board's performance as per the *Slovenian Corporate Governance Code for Listed Companies*;
- Provide support in other areas concerning the Supervisory Board in which a conflict of interest for Supervisory Board members could arise.



8 SYSTEM OF DIVISION OF RESPONSIBILITIES AND AUTHORISATIONS BETWEEN MEMBERS OF KRKA'S MANAGEMENT AND SUPERVISORY BODIES

The Management Board manages Krka and the Supervisory Board oversees its operations. The Management and Supervisory Boards closely cooperate to benefit Krka and the Krka Group. The *Articles of Association*, the *Rules of Procedure of the Management Board, and the Rules of Procedure of the Supervisory Board* set the division of responsibilities between the Management Board and the Supervisory Board, and the method of their cooperation.

8.1 Supervisory Board

Tasks and duties

- Supervises performance of the Management Board;
- Appoints and removes members and the President of the Management Board;
- Proposes to the AGM the appointment of an auditor;
- The President of the Supervisory Board signs a contract on behalf of Krka with external auditors and a special expert authorised by the Supervisory Board in compliance with laws to carry out individual assignments;
- Approves (a) the appointment, removal, and remuneration of the Head of Internal Audit; (b) the act regulating the purpose, meaning, and duties of Internal Audit; (c) the internal audit strategy; (d) the annual plan of Internal Audit; and (e) receives the annual report on the work of Internal Audit for the period;
- Proposes Supervisory Board members for appointment by the AGM;
- Submits a proposal to the AGM or the court for removal of an individual member from the Supervisory Board on justified grounds;
- Convenes the AGM;
- Approves any interim dividend payments if set out by the *Articles of Association*;
- Proposes, together with the Management Board, to the AGM the allocation of distributable profit;
- Decides on any amendment to the *Articles of Association* if so authorised by the AGM and the amendment refers only to harmonisation of its text with duly adopted decisions;

- Approves the issuance of new shares;
- Approves any amendments to the *Rules About the Treasury Share Fund*;
- Approves the issuance of shares for contributions in kind;
- Accepts or approves the annual report and carries out other duties required by law as regards the annual report;
- Decides on a preliminary approval of the annual business-and-financial plan of Krka and the Krka Group, and the *Krka Group Development Strategy;*
- Provides opinions on the management of Krka and the Krka Group at the request of the Management Board;
- Decides on other issues within their competences according to the regulations, unless explicitly specified that the AGM is the relevant decision-making body for certain issues.

The Supervisory Board draws up a plan of its activities for each business year separately, generally in the form of a meeting schedule. They set the expected dates and indicative meeting agenda items, in particular those required by mandatory public disclosure requirements relating to business results or the established practice.

8.2 Management Board

The Management Board manages Krka independently and assumes full responsibility for its operations. It operates in accordance with Krka's objectives to achieve the greatest possible benefit for shareholders, while pursuing the principles of sustainable development and taking into account the interests of other stakeholders. The management of the company's business cannot be transferred to any other Krka's body.

Tasks and duties

- Manages and directs business operations;
- Represents Krka in relation to third parties;
- Is accountable for the legality of operations;
- Adopts the Krka Group development strategy and the annual business plans of Krka and the Krka Group;
- Monitors implementation of the development plans and adopts measures for putting them in effect;
- Decides on the establishment, joint establishment, and termination of companies, acquisition, and disposal of ownership interests;
- Adopts Krka's internal acts and policies;
- Decides on all other management matters in accordance with the law, the *Articles of Association*, and other acts, except for the matters expressly reserved to the AGM and the Supervisory Board under the *Articles of Association*;
- Reports to the Supervisory Board on operations of Krka and the Krka Group, drafts the annual report, including the business report, and submits it to the Supervisory Board together with the auditor's report and proposal for the allocation of distributable profit;
- Approves Krka's organisational structure at macro and micro levels;
- Calls the Annual General Meeting;
- Carries out resolutions adopted by the AGM.

The Management Board must regularly, promptly, and comprehensively inform the Supervisory Board on all significant matters related to business operations of Krka and the Krka Group, their strategy, and risk management.

The Management Board must **notify** the Supervisory Board **of any significant events**, which are essential for assessing the company's position and management.

The Management Board operates by reaching consensus and generally making unanimous decisions. The *Rules of Procedure of the Management Board* set operations of the Management Board and division of responsibilities among its members in detail. All rules on relations between the Krka Group subsidiaries, their management and supervisory bodies fully comply with the legislation and good practice, including provisions on a conflict of interest.

The Management Board relies for assistance on other boards: Directors' Committee; Sales Committee; Development Committee; Quality Committee; Investment Committee; Human Resource Committee; Information Technology Committee; Economics and Finance Committee; Corporate Identity Committee; and Sustainability Committee. They are composed of Management Board members, managers, and experts in respective areas.

The committees prepare the business policy and strategic guidelines for specific areas, have decision-making authority for implementation of annual plans, and discuss benchmarks for product and service groups and performance of business functions. Some committees also have responsibilities for managing material impacts, risks, and opportunities.

9 | COMMUNICATION STRATEGY

We are aware that good corporate communication enhances Krka's reputation among investors, analysts, business partners, and other stakeholders while ensuring corporate compliance. We endeavour to uphold high standards of ethics, integrity, and transparency in reporting.

Corporate communication objectives

- Create a positive and recognisable public image by taking cultural differences into account, strengthen the reputation of Krka and trust in our products and services, and increase our sales across all markets in which we operate;
- Communicate relevant information about our business operations, strategy, and business performance, and respond to media inquiries as well as other questions and initiatives raised by the public;
- Ensure Krka's public presence and engagement through the effective flow of information relevant to key stakeholders, while complying with the information disclosure policy, applicable legislation, and regulations.

External communications target stakeholders outside the company, while **internal communications** address the Krka Group employees.

External communication objectives

- Strengthen Krka's reputation and trust in our products and services, and enhance business performance (promotion of product and service sales);
- Recruit top personnel;
- Foster positive public perception of Krka and in doing so strengthen its competitive advantage and support the achievement of corporate objectives;
- Ensure compliance of reporting about Krka's operations with legislation and regulations.

Internal communication objectives

- Inform employees about Krka's mission, vision, values, operations, business performance, and strategy, while helping them understand their individual roles and duties;
- Inform the employees and raise their awareness and knowledge of our own products and services;
- Inform the employees about important business events in the Krka Group;
- Create productive working environment, foster loyalty, dedication, and motivation;
- Foster sharing positive information about Krka among the wider public.

Krka in compliance with the Slovenian Corporate Governance Code for Listed Companies:

- **Acts in accordance with the rules of procedure governing the protection of trade secrets and inside information for members of the management and supervisory bodies** and other persons with access to inside information during and after their term of office. They also regulate classification and protection of such information and sanctions for potential violations. The Management Board adopted the *Rules on Trade Secrets and Data Confidentiality* and *Rules on Trading in the Financial Instruments of the Company* to regulate these areas.

- **Defines the inside information flow clearly, controls and records access to it**, from its generation to publication. Procedures relating to inside information and obligations for its disclosure are governed internally by the *Reporting Rules*, the *Rules on Trade Secrets and Data Confidentiality*, and the *Rules on Trading in the Financial Instruments of the Company*.

- **Has mechanisms in place to prevent information leaks in the event of extraordinary circumstances that could enable other persons to access inside information.** Krka implements measures and procedures for protecting trade secrets to:
  - Allow for subsequent reconstruction as to when particular confidential information items were handled and by whom;
  - Protect documents, buildings, technical equipment, procedures;
  - Ensure safe handling and keeping of trade secrets;
  - Ensure safe distribution and transfer of trade secrets.

Any person who has access to confidential or highly confidential information and is not legally or contractually required to protect the secrecy (e.g. inspectors, auditors) must sign a document on protection of trade secrets.

The following areas are considered especially sensitive:

- Certain materials for Management and Supervisory Board meetings;
- Financial reports at Krka's level if not yet publicly disclosed;

- Strategic development projects;
- All payment and purchasing terms;
- Product costing;
- Documents including personal data;
- Passwords and all other parameters for logging in various systems;
- Data on technological procedures, products, and technical and technological procedures, in particular for products at the development stage, and intellectual property in general.

Responding to rumours and published articles relating to Krka or its operations

We do not comment on rumours or articles, because we regularly and promptly publish all important pieces of information that could impact business decisions of investors or the interested public. By commenting on rumours or articles, Krka would indirectly encourage this form of communication, which would not contribute to quality communications with the public.

Persons responsible for investor communications

The President of the Management Board, the competent member of the Management Board, the Director of Finance and his Deputy, and the President of the Supervisory Board are responsible for communications with investors.

Publishing business reports and financial statements

Krka's shares are listed on the Prime Market of the Ljubljana Stock Exchange. They are also listed on the Warsaw Stock Exchange. We therefore follow the highest standards of publishing business reports set out by the ***Financial Instruments Market Act***; the ***Companies Act***; the ***Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation)***; the ***Ljubljana Stock Exchange Rules***; the ***Ljubljana Stock Exchange Recommendations***; the ***Slovenian Corporate Governance Code for Listed Companies***; and regulations that apply to the Polish financial market.

Each year, we publish a financial calendar on our company website, listing the dates of all significant business publications.

10 | PROTECTING EMPLOYEE INTERESTS

At Krka, we are aware that our performance cannot be successful without motivated and satisfied personnel. We offer our employees jobs in Slovenia and abroad and give the employees opportunities for development and promotion in the business and personal spheres.

Employee involvement in drafting the collective company contract. The collective company agreement at Krka is generally adopted via a tripartite coordination system, involving the Management Board and its specialist services, trade unions, and the Works Council. Regardless of which party initiates specific solutions, all parties discuss matters until a consensus is reached. In this way, the company builds equal, partnership-based relations between the Management Board, trade unions, and the Works Council.

Krka considers opinions of all its employees. We give our employees the opportunity to express their points of view, ideas, and opinions. They can put forward their ideas via the Works Council, which serves as a link between employees and the Management Board in information transfers and offering comments and suggestions. The President of the Management Board, the board member responsible for relations with the Works Council and trade unions, and the Worker Director regularly attend meetings of the Works Council. Employees can communicate with them directly or by email.

Promoting employee education and training. We promote internal employee training and studies at educational and research organisations in Slovenia and abroad. Employees can upgrade their qualifications and skills in various professional areas, management, personal development, use of modern information technology, quality, and foreign languages. Each employee has the opportunity to develop their knowledge and skills in line with the requirements of their position.

Prevention of mobbing. We aim to create a positive climate among our employees and to ensure their well-being at work. This is why we do not tolerate any conduct that could harm their dignity or personal integrity and act promptly in the event of any infringement. We have appointed authorised persons for prevention of workplace harassment for additional protection of employees' dignity.

Prevention of discrimination. We provide for equal opportunities, regardless of employees' gender, race, colour, age, medical condition or disability, religious, political or any other belief, trade union stewardship, national or social origin, family status, financial condition, sexual orientation, or other personal particulars.

Diversity Policy for Management and Supervisory Bodies of Krka. The Supervisory and Management Boards adopted the *Diversity Policy* and published it on the corporate website.

Diversity, Equity and Inclusion Policy of the Krka Group. The Management Board adopted *Diversity, Equity and Inclusion Policy*, which outlines our commitment and underlying principles of respecting and creating a diverse, equitable, and inclusive environment. The purpose of the *Policy* is to ensure Krka's responsible approach to employees and fair relationships among them.





11 BUSINESS COMPLIANCE AND CORPORATE INTEGRITY

Corporate integrity, compliance and transparency of operations apply to all business operation levels of Krka.

The *Krka's Code of Conduct* (hereinafter also the *Code*), containing principles and rules of ethical conduct, good business practices and standards of conduct, is the umbrella document for this area. The *Code* is available on our website. All employees must comply with the principles of ethical, corruption-free, and lawful conduct. We therefore raise awareness of employees across the Krka Group about the importance of corporate compliance and corporate integrity. The Chief Compliance Officer autonomously and independently oversees the corporate integrity across the Krka Group.

The Data Protection Officer is responsible for **protection of personal data** at the Krka Group level and in subsidiaries.

Addressing purported irregularities and protecting informers. Any employee or third party can report any suspected fraud to compliance.officer@krka.biz. The reporting procedure is detailed in *Rules on Fraud Prevention, Detection and Investigation*. Krka undertakes to treat the informer's data confidentially, professionally, and with due care, and to protect the informer properly against any retaliatory measures.

Human Rights Policy of the Krka Group. The Management Board adopted the *Human Rights Policy*, which outlines Krka's commitment to respecting human rights in all aspects of business operations. We are committed to creating an environment that ensures dignity, equality, and fairness for all stakeholders. The *Policy* commits us to respecting internationally recognised human rights, raising awareness about the importance of protecting them, strengthening accountability for human rights protection, and contributing to the *UN Sustainable Development Goals*. It identifies significant human rights areas associated with our products, services, and business relationships.

12 | MANAGEMENT OF MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Risk management is integrated in all our business processes and is based on the Three Lines Model of risk management.

The first line: the management, directors, and heads of business units.

They are responsible for strategic operations, including risk management, implementation of Krka's development strategy, and achieving its objectives. They are accountable for providing products and services, managing risks in day-to-day operations, and performing internal controls. The Management Board reports to the Supervisory Board and its committees, which provide strategic guidance, and ensure integrity and oversight.

The second line: Quality Committee; Information Technology Committee; Investment Committee; Development Committee; Sales Committee; Human Resource Committee; Sustainability Committee; Business Continuity Officer; Information Security Officer; Chief Compliance Officer; Sustainability Coordinator.

They monitor risks and prepare expert opinions with recommendations for their mitigation, while ensuring that risks remain at an acceptable level. They report to the Management Board and propose risk management measures within their areas of responsibility. Risks are also managed through Risk accounting and application controls, as well as physical security measures.

The third line: Internal Audit It provides independent and impartial assurances and offers advice on matters related to achieving Krka Group objectives, including risk management, in accordance with the ***Global Internal Audit Standards***, and the principles of ethics, integrity, objectivity, professional competence, and due care. It ensures alignment, coordination, communication, and cooperation with the first and second lines of risk management across all their activities. It reports directly to the Supervisory Board and the Audit Committee. This preserves its independence and objectivity and protects the interests of Krka without any potential conflict of interest.

In addition to the responsible persons in these three lines, external assurance providers, who are not integral parts of the Krka Group – such as external auditors, external supervisors, inspectors, and auditors – play an important role.

The Krka Group monitors its exposure to various risks daily and implements measures to manage those risks. Krka manages financial risks for the entire Krka Group centrally, while subsidiaries manage business and sustainability risks independently in accordance with guidelines given by Krka. The Audit Committee and the Supervisory Board receive information on operational, business, and financial risk management whenever business performance is evaluated.

The Krka Group regularly updates its ***Risk Register***, which provides a comprehensive overview of risks at the Group level and facilitates timely identification and management of factors that could prevent achieving the objectives. Updates are made every two years. The ***Integrity Plan*** complements the ***Risk Register*** and addresses ethics, integrity, and compliance. The Management Board adopts the two documents. They verify and if necessary update the ***Integrity Plan*** every two years. The two documents also include risks related to natural and social environment and corporate governance.

When identifying and assessing material sustainability impacts, risks, and opportunities related to the natural and social environment and corporate governance, we apply the principle of **double materiality**, which comprises impact materiality (impacts on the natural or social environment) and financial materiality (financial impacts of risks and opportunities on the Krka Group). We determine material topics for our industry and the upstream and downstream segments of the value chain. We comply with the requirements of the ***European Sustainability Reporting Standards*** (***ESRS***) and guidelines of the European Financial Reporting Advisory Group (EFRAG) in the process.

Individual business units are in charge of **managing impacts, risks and opportunities** within the scope of their respective responsibilities, tasks, and activities. We have dedicated controls and procedures in place, focusing primarily on consumers and end-users (impacts, risks, and opportunities related to ensuring quality, safe and effective products), environmental protection, and employees. As a result, legislation and regulations have a significant impact on our development, regulatory, manufacturing, marketing, sales, and other activities. Our quality management system, GxP standards, and many ISO standards provide a framework for continuous monitoring and managing our impacts and risks, which are also subject to regular regulatory inspections.

Material impacts, risks, and opportunities and responding to them are subject to Krka's ***Development Strategy***. We report on impact and risk management and pursuing opportunities in our annual reports.

13 SUSTAINABILITY MANAGEMENT AND OPERATIONS OF THE KRKA GROUP (ESG)

Sustainability management and operations are fully integrated in our basic governance framework, development strategy of the Krka Group, business model, risk management system, and day-to-day operations. We act in accordance with basic sustainability principles and efforts in our business operations and governance. All subsidiaries of the Krka Group must conduct business in compliance with them, and at the same time also consider national legislation of the country where they operate. The *Policy* is the foundation for enhancing sustainability management in environmental, social, and governance areas, which Krka has been committed to for decades.

13.1 Sustainability in the Krka Group

The Krka Group considers all three sustainability pillars in all its operations, i.e. the natural and social environments and corporate governance. Patients and other users of our products and services, employees, strategic partners and other stakeholders and investors, who provide capital for Krka's business operations, are our main concern.

Our core business is supplying innovative, high-quality, effective, safe, and affordable generic medicines to more than 100 million patients in over 70 countries worldwide. We are aware of our great social responsibility, economic impact on wider environment and stakeholders' great expectations, which we satisfy with exemplary corporate governance, identification and management of material impacts, risks and opportunities, responsible management, and investing in sustainability activities.

Integrated, strategic, and efficient sustainability governance of the Krka Group is essential for managing sustainability-related impacts, risks and opportunities, and detection of sustainability trends and opportunities for responsible management of natural and social environments and compliant and transparent corporate governance. It guides the strategic assessment of the appropriateness of the Krka Group's business model, ensuring long-term sustainable business operations, growth and development.

13.2 Sustainability management goals

Sustainability is the long-term driver of growth and our development and facilitates our competitive advantage, success, and development. It helps us achieve stable business results, implement strategic guidelines, and at the same time create value for all stakeholders.

Key aspect of sustainability management	Contribution to achieving long-term strategic goals
Managing sustainability impacts, risks and opportunities	Regulatory compliance and positive impacts on Krka and stakeholders
Managing the vertically integrated business process and supply chain effectively	A flexible business model, higher product quality, and improved market supply
New investments and financing research, development, and innovation	New forms of treatment, increasing the product portfolio and growth
Increasing efficient use of natural resources and materials	Strengthening environmental responsibility, reducing environmental burden, increasing productivity and cost effectiveness
Increasing corporate reputation, visibility, and quality of our products and services	Growing and strengthening of the competitive position
Maintaining the Krka Group's attractiveness for employees and potential recruits	Supporting long-term success
Increasing attractiveness of the Krka Group for current and new shareholders	Increasing the Krka Group value

13.3 Commitments to sustainable management and operations

The *Policy* presents Krka's commitments to sustainable management and operations at present and in the future. Also in the future, we strive for:

– Reduction of the impact of our activities on climate change and adapting to climate change; – Effective use of resources, circular economy, and prevention and reduction of air pollution; – Careful management of water resources; – Conservation of biodiversity and ecosystems; – Emergency event identification, business continuity management system, major accident prevention design, and their environmental impacts mitigation; – Careful planning of product development and all processes that impact the communities and environments where we operate; – Continuous improvement in environmental protection results; – The highest degree of coherence of our business operations related to generation of revenue, investments, and expenses, stipulations and technical criteria of the Taxonomy Regulation (Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment) and the related delegated acts in order to help attain the six environmental goals from the taxonomy regulation or green transition.	Environment (E)
– Contribution to human and animal health and well-being; – Sufficient supplies of quality, safe, and effective medicines; – Regular investment in research and development to enhance and expand our diversified range of products in key therapeutic areas, above all for treating chronic diseases; – Trust of patients and business partners earned through expertise, professionalism, ethical conduct, and stringent quality standards across all aspects of our operations; – Talent development and management; – Health and well-being of employees; – Respect for human rights, fundamental freedoms, and exercising labour rights, prevention of discrimination and inequality, and promotion of equal opportunities, diversity, equity, and inclusion; – Contribution to the development of the social environment, also through ongoing support for healthcare, science, education, sports, and culture, enhancing the quality of life in local communities.	Social (S)

– Integration of sustainability principles and sustainable governance into management processes and business decisions of the Krka Group; – Identification, assessment, and effective management of material sustainability impacts, risks, and opportunities; – Identification of key strategic sustainability areas addressed as priorities and regular reviews of key stakeholders; – Constant and proactive dialogue with stakeholders helping us understand their needs, needs of the society, and our impact on the environment; – Comprehensive, transparent and open communication about sustainability with internal and external stakeholders and general public, and raising awareness about sustainability approach in Krka's day-to-day activities and stakeholders; – Regular reports on all milestones, achievements, activities, and performance indicators related to sustainability, as well as on material impacts, risks and opportunities and their management in annual reports, while taking into account the EU legislation and the European Sustainability Reporting Standards, and other applicable legal requirements and established good practices in sustainability reporting; – Promotion of sustainability principles and sustainability culture, their implementation throughout all our activities and business functions, and spreading sustainability culture among internal stakeholders and supporting their education; – Promotion of sustainable approaches throughout the entire value chain, from suppliers to end-users, and extending these practices to other external and internal stakeholders; – Sustainability due diligence in companies in accordance with the provisions of the forthcoming Directive on Corporate Sustainability Due Diligence (Directive CS3D) and proper identification of actual or potential negative impacts, their assessment, prevention, and mitigation or elimination of actual negative impacts, and reduction of their extent as much as possible, especially with respect to the environment and human rights; – Regular review of adequacy and efficiency of the adopted policies; – Identification of major Sustainable Development Goals (SDG) specified in the 2030 Agenda adopted by the United Nations that the Krka Group actively helps to achieve through its operations; – Regular verification of our sustainable management and operations through ESG ratings issued by independent organisations and agencies and their improvement; – Good corporate governance and performance in line with the principles of compliance, integrity, and transparency; – Compliance with tax legislation and lawfulness of operations.	Governance (G)

13.4 Other key corporate documents related to sustainability management

In addition to the ***Policy***, specific policies and other corporate documents are relevant in managing sustainability impacts, risks and opportunities, in particular ***Krka's Code of Conduct***, the ***Rules on Fraud Prevention, Detection and Investigation***, the ***Quality Manual***, ***Krka's Code of Promotion***, the ***Occupational Safety and Health Policy***, the ***Environmental Policy of the Krka Group***, the ***Human Rights Policy of the Krka Group***, the ***Diversity, Equity and Inclusion Policy of the Krka Group***, the ***Due Diligence Policy of the Krka Group***, and the ***Code of Conduct for Business Partners of the Krka Group***.

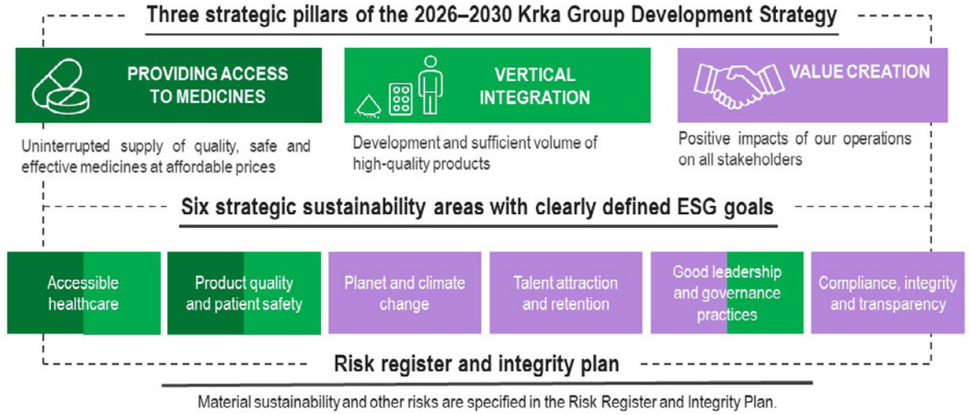
Most of the above stated documents are available on Krka's corporate websites.

13.5 Strategic sustainability areas

All business functions are involved in determination of the paramount strategic sustainability areas that we address as priorities. The determination is based on the principle of double materiality. We evaluate the impact of Krka Group's operations on people and the environment (impact materiality), as well as the impact of the natural and social environments on Krka Group's business operations and value, representing risks and opportunities (financial materiality).

Strategic sustainability areas are those where our impact on natural and social environments is the greatest. They are also most important from the financial materiality aspect and are aligned with the three pillars of Krka's development strategy. Material sustainability and other risks are included in the Krka Group's ***Risk Register*** and the ***Integrity Plan***.

Strategically important sustainability areas are divided into sub-areas. They are approved by Krka's Management Board. Please see the annex for their detailed specification and management. Material strategic sustainability areas and sub-areas are presented on Krka's website and in social media.



We strive to fulfil the United Nations' sustainability goals and enhance Krka Group's positive impact on the environment and stakeholders. Our operations pursue eight out of seventeen goals of the ***2030 Agenda for Sustainable Development***. The most important is Goal 3 'Good health and well-being' because we can make the greatest contribution to it through our core business.



13.6 Strategic ESG goals

We monitor our sustainability management and operational performance and the related impacts, risks, and opportunities against the strategic ESG goals, which are integrated into our development strategy. They are reviewed by the Sustainability Committee and approved by the Management and Supervisory Boards of Krka when adopting the business strategy. They are published on Krka's websites, while their attainment and specification are detailed in the Krka Group's annual reports.

13.7 Integration of sustainability-related performance in incentive schemes

Since 2023, remuneration of the Management Board has been directly tied to achieving the sustainability performance criteria stipulated in the ***Remuneration Policy for Management and Supervisory Bodies***. Performance and achievement of objectives are assessed across six areas identified as key strategic sustainability areas for the Krka Group. Each strategic sustainability area is assigned an equal number of points. Sustainability-related criteria carry the same weight as most financial performance criteria.

13.8 Responsibilities relating to sustainable management

The ***Policy*** sets out responsibilities and competences for sustainable management at the Krka Group level. The organisational structures and individuals are accountable for implementation and extension of sustainability principles as follows:

Management and Supervisory Boards

The Supervisory and Management Boards of Krka have the leading role in supervision of sustainable management. In compliance with the ***Articles of Association of Krka***, the Supervisory Board also has the authority to approve the strategy of the Krka Group that includes sustainable development. The Supervisory Board approves the ***Policy***, which includes sustainable (ESG) management and operations, and any amendments. The highest management bodies are responsible for the strategic supervision of the sustainability area.

The Management Board is responsible for integrating the sustainability strategy and establishing sustainability culture, values, and operating processes that allow for Krka Group's long-term existence and increasing its value. The body approves all key and relevant resolutions on sustainability (i.e. specification of stakeholders and strategic sustainability areas; double materiality assessment and determination of material sustainability impacts, risks and opportunities; sustainability-related risks from the ***Risk Register***; etc.) and is responsible for establishing an effective mechanism of internal controls and management of impacts, risks, and opportunities, and transparent sustainability reporting in compliance with regulations and good practices. The board also specifies and approves strategic priorities, goals, indicators, and mechanisms for achieving goals (i.e. KPIs) and monitors their attainment. Acting in line with the ***Rules of Procedure of the Management Board***, the Management Board has appointed one of its members specifically for sustainability and upgrading sustainability governance system at the Krka Group.

The Management Board member in charge of sustainability

The Management Board member in charge of sustainability manages and supervises performance of the sustainability project team and leads the Sustainability Committee.

Sustainability Committee

The Management Board established the Sustainability Committee by the resolution adopted at its 15th regular meeting of 22 December 2022. It is composed of Management Board members, directors of divisions and independent organisational units, and Krka's experts in various areas whose work is in direct connection with sustainability.

Deputies or assistants to the officers listed above can represent individual organisational units or departments if so, agreed with managements of the respective organisational units or departments. Other employees and an independent external member with relevant sustainability-related expertise can also attend the committee meetings at the proposal of a Management Board member in charge of sustainability or the sustainability coordinator.

The committee generally meets once a year. It is charged with the review of sustainability management and operations. It also monitors implementation of key activities and reviews attainment of sustainability goals, relevant KPIs, and other important sustainability indicators. The committee looks into proposals concerning sustainable goals and KPIs and any potential changes. It reviews proposed changes to strategic sustainability areas and assessments of material sustainability impacts, risks, and opportunities. It also discusses sustainability initiatives and determines key activities and responsibilities in the sustainability area for the upcoming period.

Sustainability Coordinator

The sustainability (ESG) coordinator is a member of the Sustainability Committee and acts as a liaison between the committee, the Management Board member responsible for sustainability, and the sustainability officers. The ESG coordinator supervises, facilitates, and encourages implementation of ESG guidelines and principles and other resolutions adopted by the committee. The ESG coordinator reports to the Sustainability Committee on attainment of goals and activities, assesses the adequacy of sustainable management and operations, proposes changes, and manages the coordination of ESG reporting. The ESG coordinator follows trends, legislation, and good practices of sustainable management and operations. The ESG coordinator actively contributes to increasing sustainability awareness and exploiting sustainability-related opportunities and participates in educating and informing employees. Besides the Management Board, Sustainability Committee members, and ESG managers, the ESG coordinator is the main promoter of sustainability culture in the Krka Group. The ESG coordinator supports stakeholder engagement and sustainability-related communication with investors, media, expert community, and other relevant stakeholders. The person coordinates and controls the performance of ESG managers in cooperation with the Management Board member in charge of sustainability.

Sustainability managers

Sustainability (ESG) managers are appointed to key business areas relevant to sustainable operations. They are in charge of promoting strategic sustainability activities and sustainability culture in order to enhance attainment of the strategic sustainability goals in their respective areas. They report to the Sustainability Committee and the sustainability coordinator on performance and goal attainment. They support stakeholder engagement in their respective areas and assess and monitor sustainability risks and opportunities. They also assess sustainable management and operations for adequacy and propose changes to the coordinator. They follow trends, legislation and good practices for sustainable approach in their respective business areas and based on this propose the related activities and participate in sustainability reporting. They actively contribute to increasing sustainability awareness and exploiting sustainability-related opportunities and participate in educating and informing employees.

Other committees

Other relevant committees, which assist Krka's Management Board, discuss specific ESG topics in more detail. Please see item 8.2 herein for details.

This is an English translation of the Policy. In case of discrepancies between the translation and the original Slovene version, the Slovene version shall prevail.

14 | FINAL PROVISIONS

The Policy was adopted by the Supervisory Board of Krka, d. d., Novo mesto at its 8th regular meeting of 11 November 2026 and the Management Board of Krka, d. d., Novo mesto at its 13th regular meeting of 21 October 2026. The ***Policy*** enters into force on 1 December 2026. When it becomes effective, the ***Corporate Governance Policy of Krka, d. d., Novo mesto*** of 18 November 2020 and the ***Krka Group Environmental, Social and Governance (ESG) Policy*** of 15 November 2023 terminate. Shareholders and the interested public receive information about the adoption and the contents in public releases in the Ljubljana Stock Exchange electronic information dissemination system (SEOnet) and the Polish Financial Supervision Authority electronic information dissemination system (ESPI). The ***Policy*** is published on Krka's website in Slovene and English. We intend to review it at least every five years and/or upon each major change to the reference ***Corporate Governance Code***, reflecting due diligence that takes into account the perspective of the Krka Group and our stakeholders' expectations. Krka's Supervisory and Management Boards are in charge of approving any potential change to the ***Policy***. The Supervisory Board is responsible for overseeing its implementation. Anyone who has concerns or reasonably suspects the ***Policy*** has been violated should submit a report to the Chief Compliance Officer (compliance.officer@krka.biz.).

History	
Date of approval by the Supervisory Board	**Change description**
11 November 2026	Regular review and updates, integration of the ESG Policy of the Krka Group (ESG Policy)
18 November 2020	Regular review and update at the start of the Supervisory Board President's term of office
18 January 2015	Harmonisation with new developments in legislation and rules of procedure
20 January 2010	Adoption of the Corporate Governance Policy of Krka, d. d., Novo mesto

Jože Colarič
President of the Management Board and CEO

Jože Mermal
President of the Supervisory Board

ANNEX I: STRATEGIC SUSTAINABILITY AREAS AND MANAGEMENT APPROACHES

	Accessible healthcare
S	Patient-tailored product portfolio
	R&D and culture of innovation
	Uninterrupted supply of medicines
	Accessible medicines
	Effective registration procedures
	Expert support for healthcare professionals
	Initiatives for raising awareness about healthy lifestyles and identification of widespread diseases
	Product quality and patient safety
S	Integrated quality management system
	Quality, safety and efficacy of medicines and APIs
	Fair disclosure of adverse reactions, product labelling and anti-counterfeiting

	Talent attraction and retention
S	Health, safety and well-being of employees
	Recruitment, development and talent management
	Employee diversity, inclusion and participation
	Good leadership and governance practices
G	Supply chain and business continuity
	Resilient and flexible vertically integrated business model
	Animal welfare
	Information security
	Management diversity, independence and competence
	Contribution to local community development
	Sustainability-linked remuneration
	Prosperous business operations and financial strength
	Working conditions and workers' rights in the value chain



Planet and climate change	
E	Climate change
	Circular Economy
	Biodiversity and ecosystems
	Water and marine resources
	Pollution
Compliance, integrity and transparency	
G	Legislative and regulatory compliance
	Comprehensive and accessible reporting
	Fair marketing and sales practices
	Tax policy and transparency
	Ethics in clinical trials and R&D

1. ACCESSIBLE HEALTHCARE

a) *Patient-tailored product portfolio*

Our extensive portfolio comprises over 1,000 products in various dosage forms and strengths from key therapeutic classes of medicines. They are primarily intended for the treatment of chronic diseases that affect many people and often result from modern lifestyles and demographic trends such as population ageing and increasing life expectancy. Over 50% of our products are cardiovascular agents. According to WHO, cardiovascular diseases are the leading cause of death from non-communicable diseases. Many patients take our medicines for diseases of the central nervous system and gastrointestinal and metabolic disorders, as well as pain relief, diabetes, cancer, and infections. Our product portfolio is also composed of non-prescription products and animal health products, primarily for companion animals. We rank among the leading companies in research and supply of generic combination medicines, containing two or more active ingredients.

b) *R&D and culture of innovation*

Krka invests on average 10% of sales revenue in research and development annually, which is essential for maintaining the competitive edge among generic pharmaceutical companies. We are committed to developing quality, effective, safe, and affordable medicines, so we have created an extensive and diverse portfolio of products. While respecting patent rights of our competitors, we are constantly expanding our key therapeutic categories through development and marketing authorisations for new and/or value-added products based on in-house innovative technological solutions. This enables us to launch products as soon as relevant patent rights expire and we obtain marketing authorisations. We develop state-of-the-art pharmaceutical dosage forms delivering added value for patients and file several patent applications each year for new technological solutions and product innovations. Our vertically integrated business model enables us to manage the entire process, from the development, research, evaluation, and registration, to active ingredient and finished product manufacture. We start following the international guidelines at the earliest development stages to ensure top quality, safety, and efficacy of our products. We conduct clinical research in line with the applicable legislation, good practice guidelines, the *Helsinki Declaration*, and *Regulation (EU) 2016/679* (*General Data Protection Regulation*). Our development aligns with the *Environmental Policy of the Krka Group* and ISO 14001, and we pay special attention to energy efficiency and reduction of our environmental impact. Through widespread innovation activities, we ensure continuous improvements to our quality system, while employees' useful proposals and improvement initiatives also create savings.

c) *Uninterrupted supply of medicines*

Continuous availability of medicines is part of our first strategic pillar, which is ensuring access to medicines. We adapt our international strategy to the requirements of individual markets in consideration of local needs and healthcare system specifics. When doing business, we comply with the *Universal Declaration of Human Rights*, according to which we provide for uninterrupted treatment of patients with our high-quality products. The two vital factors are understanding the distribution cycle in individual markets and developing a sales-and-logistics strategy which allows for ready and constant availability of our medicines. We guarantee timely supplies of finished products by keeping every phase of product supply under control. We carefully plan optimal utilisation of our production capacities, monitor production efficiency, and constantly improve manufacturing processes.

New equipment and investments help us meet sales requirements, increase our production capacities, expand contractual collaboration, and follow good manufacturing practice. We systematically monitor secondary sales and use the data for detailed sales plans, providing for availability of our products. Our direct customers, with whom we establish and keep good business relations, also have an important role in providing for availability of our products.

d) *Accessible medicines*

Through our core business, we contribute to Good Health and Well-being, one of the goals of the United Nations *2030 Agenda for Sustainable Development*. Generic medicines are gaining importance worldwide, as they provide a more affordable alternative to originator medicines while offering equal quality, safety, and efficacy. We provide accessible treatment to more than 100 million patients worldwide. Our business focuses on caring for their health. Our medicines add up to great savings for patients and public health care budgets, making us an important partner of national healthcare systems and patients. We are present in more than 70 countries. Our largest markets include the Russian Federation, Poland, Germany, Ukraine, Slovenia, and Romania. We make our products available also in countries with medium and low GDP per capita, which generally encounter great macroeconomic risks. We are also one of the leading medicine suppliers in most countries of central Asia, including Tajikistan, Kyrgyzstan, Uzbekistan, Turkmenistan, and Mongolia, and also in Iran, Iraq, the Republic of South Africa, Vietnam, and Ghana. In middle- and low-income countries, we currently market more than 50 medicines from the *WHO Model List of Essential Medicines*.

e) *Effective registration procedures*

Our efficient development and marketing authorisation procedures give us a competitive advantage, as they enable us to enter a market rapidly after marketing authorisations are granted. We manage regulatory risk associated with changes in legislation and their interpretation starting at early stages of a new product development and throughout its life cycle. We constantly follow the latest scientific developments and new regulatory requirements for APIs and finished products and incorporate them in the development and when drawing up registration dossiers and regulatory strategies. Our registration procedures are time- and cost-efficient. We ensure that our products comply with the latest scientific findings and are of high quality throughout their life cycles. We constantly improve our products and upgrade them in compliance with new guidelines and requirements. Relevant regulatory bodies examine and approve any changes.

f) *Expert support for healthcare professionals*

We give health professionals (i.e. doctors, veterinarians, and pharmacists) the latest, clear, accurate, and balanced information on therapeutic categories, therapies, and our products, enabling them to choose the best possible therapies for their patients and users. We communicate responsibly with the expert community, in accordance with laws and regulations on business operations, including product marketing regulations, good business practice, the *Medicines for Europe Code of Conduct* and recommendations, and personal data protection regulations. All Krka employees must act in accordance with *Krka's Code of Conduct*, while all employees of Marketing and Sales must also comply with *Krka's Code of Promotion*, detailing promotional activities. We contribute to the professional development of doctors, pharmacists and veterinarians. We organise and support professional and educational meetings where they can upgrade their knowledge, learn about new guidelines, exchange opinions and experience, and establish contacts. Our medical representatives regularly undergo professional training so that they can inform health professionals about latest treatment guidelines and give them accurate and current information about therapeutic classes and our products. We make sure that they have appropriate communication skills, are familiar with and follow legal and other regulations and standards of work. We especially emphasise the importance of complying with ethical standards.

g) *Initiatives for raising awareness about healthy lifestyles and identification of widespread diseases*

Our mission is 'Living a healthy life', and to implement it we arrange many activities for our employees and lay public to raise awareness of problems related to healthcare and the importance of risk factor identification by individual chronic diseases and promote activities that contribute to a healthy lifestyle. We increase awareness of a healthy lifestyle and identification of widespread diseases in many ways through professional associations.

2. PRODUCT QUALITY AND PATIENT SAFETY

a) *Integrated quality management system*

The umbrella document on quality, the ***Krka Group's Quality Policy***, sets out the baselines for establishing and developing the quality system in accordance with legislation, good practices and standards. We follow all new developments in that regard and systematically introduce them in all processes and management systems. Krka's quality system complies with the principles of good pharmaceutical practices (GxP), legislation and regulations, and is based on the requirements of ISO 9001, ISO 13485, ISO 14001, ISO 45001, ISO 27001, and ISO 22301 standards, HACCP principles and provisions governing quality in the pharmaceutical industry. To ensure quality, we follow and quickly react to the latest developments, market needs, and legal requirements, constant improvements of products, processes and services, and systematic control over quality-related impacts and risks. We foster a culture of quality, integrate quality across all business processes throughout the product life-cycle, and continuously raise employee awareness and provide training. To ensure the credibility and increase the trust of our partners, we have the system regularly certified by SIQ (Slovenian Institute of Quality and Metrology) and demonstrate its compliance with regulatory and legal requirements in inspections and audits.

b) *Quality, safety and efficacy of medicines and APIs*

All our medicines comply with legislation, required quality standards, and marketing authorisation dossiers. We examine quality, safety, and efficacy of our medicines and APIs with many laboratory tests with state-of-the-art, validated analytical methods, devices and procedures. We also monitor ongoing stability of products and APIs and guarantee for high quality, safety and efficacy throughout their shelf lives. Preclinical research and clinical trials serve to examine efficacy and safety of medicines already at their development stages. Medicines made by Krka are fully equivalent to the originators' products. Pharmaceutical equivalence is demonstrated by ***in vitro*** dissolution testing, and therapeutic equivalence by ***in vivo*** bioequivalence studies, respectively. Clinical research often includes preregistration (phase III), post-authorisation (phase IV), and pharmacovigilance studies. We test quality of active ingredients by laboratory tests, in which we use most sensitive, reliable and validated analytical methods and devices. The Certificate of Suitability (CoS) issued by the European Directorate for the Quality of Medicines (EDQM), is the highest quality standard in Europe. It confirms that an active ingredient complies with the standards laid down in the monograph of the ***European Pharmacopoeia***. Krka has received it for many active ingredients.

c) *Fair disclosure of adverse reactions, product labelling and anti-counterfeiting*

We have the pharmacovigilance system in place to monitor an individual medicinal product throughout its shelf life. We carefully record and medically review all received information on adverse events. We integrate in the process information on all suspected adverse events. We analyse the data, evaluate any potential new safety information, and assess risks and benefits in relation to individual medicinal products. We include latest findings important for safe administration of medicines in patient information leaflets and carry out everything necessary for reducing risks related to a medicinal product. Our pharmacovigilance system complies with legal requirements and EU guidelines ***Commission Implementing Regulations (EU) No 520/2012*** and ***(EU) 2021/1281 on the performance of pharmacovigilance activities, and guidelines on good pharmacovigilance practices*** (GVP). Medicine labelling is one of the basic requirements specified in Good Manufacturing Practice (GMP) guidelines. It ensures that each product batch is traceable from the start of production until expiry of its shelf life. Our quality system ensures that each unit and each batch are labelled in compliance with the guidelines and registration dossiers, enabling traceability of each product batch from the start of production until the product's expiry date. We comply with all applicable intellectual property rights and prevent any product counterfeiting. We supply correctly labelled medicinal products to clients and end-users and provide for relevant data reporting to specific systems.

3. TALENT ATTRACTION AND RETENTION

a) *Health, safety and well-being of employees*

The Krka Group provides for a safe and healthy work environment in compliance with the ***Occupational Safety and Health Policy***. We systematically identify and prevent risks of injury or health deterioration in employees and contractors, specify safety measures, train, and raise awareness of importance of health and safety at work. We follow the latest trends, findings, legislation and standards in occupational health and safety as well as fire protection, incorporate them into all business processes, projects, and technologies. The controlling company constantly upgrades and improves the system, which is implemented and certified in compliance with the ISO 45001 standard and fully incorporated into the quality system. Internal and external auditors examine its efficiency. We carry out many fire safety drills to check how effectively employees respond to potential emergencies and asses their impacts on stability and business continuity. We promote healthy lifestyles among our employees and raise awareness of the importance of health and safety at work. Flexible work arrangements enable our employees to balance work and private life.

We comply with all legislative and collective bargaining requirements relating to work hours, taking a rest or a leave. To provide for well-being and good interpersonal relationship of our employees, we arrange many sports, cultural and humanitarian events that bring employees together and benefit also the wider social environment. We also make available high-quality daily meals and holiday accommodation for our employees.

b) *Recruitment, development and talent management*

We understand that we are responsible for trustworthy and professional management of employees throughout their employment at the Krka Group. Basic activities in this area include effective workforce planning, recruitment, onboarding, planned and systematic training, timely talent identification, their development and retention, effective leadership, succession planning, creating opportunities for promotion and career development, and rewarding achievements. We foster a culture of mutual trust, respect, collaboration, teamwork, lifelong learning, innovation, flexibility, and employee engagement, with a strong focus on achieving business goals, delivering results, and operating responsibly and effectively. We manage risks related to the lack of experts by being actively present in the labour market, bolstering Krka Group's image as a reputable employer, working with faculties and schools, and awarding scholarships.

c) *Employee diversity, inclusion and participation*

The ***Diversity, Equity and Inclusion Policy*** outlines our commitment to creating a diverse, equitable, and inclusive environment. It applies to all aspects of our operations, including equal opportunities in employment, training, education, and development of employees, recognizing their achievements, and promoting balanced gender representation. We promote awareness that each employee contributes to creating a healthy and successful working environment. Monitoring of the organisational culture and employee engagement gives employees the opportunity to express their opinions. We analyse their feedback to make improvements that contribute to efficient and creative working environment. We encourage open and regular dialogue between the Management Board, Works Council, and trade unions to ensure employee inclusion and participation in management of areas connected with responsibility to employees.

4. GOOD LEADERSHIP AND GOVERNANCE PRACTICES

a) *Supply chain and business continuity*

We strive for responsible and long-term partner relations with our suppliers and encourage growth and development of all involved parties in their work environments in order to ensure timely and high-quality supplies. We periodically check our suppliers' quality systems in audits and annual risk assessments relating to our cooperation, at work meetings, and by assessing the quality of each supply. In annual assessments, we grade the quality of our cooperation with them and identify our key suppliers. We conduct supplier audits in accordance with quality standards and Krka guidelines. We ensure constant alternative resources to reduce dependency on individual suppliers and provide for uninterrupted supply chain operations. General purchase terms of Krka d. d., Novo mesto are published on Krka's websites. Purchase contracts bind suppliers to comply with all relevant laws and regulations in production, including environmental, safety, and healthcare legislation, information standards, and cybersecurity standards. Contracts include the anti-corruption clause resulting in null-and-void sanction. We use performance indicators to monitor the adherence to the clause. All employees in Purchasing are qualified in accordance with company rules, i.e. the (a) ***Krka's Code of Conduct***; (b) ***Rules on Fraud Prevention, Detection and Investigation***; and ***(c) Rules on Defining and Preserving Business Secrets***. We undertake to constantly promote honouring ethical, environmental, and social principles throughout the supply chain and purchasing business practice. We act in accordance with the ***Code of Conduct for Business Partners of the Krka Group***, which outlines the principles of ethical and sustainable business practices expected of our business partners, and the ***Due Diligence Policy of the Krka Group***, which provides the basis for due diligence throughout the value chain and its continuous enhancement.

Business continuity is related to the risk management process and incorporates regular risk identification, analyses, and evaluation, and making operational strategy upgrades. The purpose of the business continuity management system (BCMS) is to provide for relevant measures and procedures for uninterrupted production and sales of our key products in the event of major incidents and disasters. We implement BCMS as per the adopted strategy and policy and make constant improvements according to the ISO 22301. Suppliers are therefore part of Krka's business continuity system. At the same time, Krka assesses the status of their business continuity and cybersecurity systems. We implement the measures in accordance with the regulatory requirements of the Directive (EU) 2022/2555 on measures for a high common level of cybersecurity across the Union (***NIS 2 Directive***) and the ***Information Security Act*** (***ZInfV-1***).

b) *Resilient and flexible vertically integrated business model*

Vertical integration and interconnection of development and production know-how and processes are the essential advantages of our development strategy. They enable us to roll out quality, safe, effective, and competitive products, continuously maintain their market position, and ensure their long-term and stable accessibility. We use the vertically integrated model to manage patent, development, legislative, production, and marketing requirements and risks. As we manage the entire process, we can do research, develop, evaluate, authorise, and manufacture in-house active pharmaceutical ingredients (APIs) and finished products, arrange their distribution, sales and marketing, and besides all that also survey customer satisfaction. This guarantees flexibility and resilience of our business model, especially in critical and unpredictable situations, when business continuity is important.

c) *Animal welfare*

We contribute to improving animal health and welfare through responsible selection and development of new veterinary medicinal products and compliance with animal health care guidelines and legislation (***Directive 2010/63/EU on the protection of animals used for scientific purposes***). We manufacture an extensive portfolio of safe, quality, effective, and well-established value-added generic animal health products for companion and farm animals. We consider guidelines for safe, effective and responsible treatment of various diseases in poultry, cattle and pigs, and other farm animals as well. We cooperate with veterinarians and animal owners in approximately 40 countries worldwide. We aim to offer solutions that meet animals' needs and at the same time promote good practices in animal health care. We expect the same from our business partners. We place special emphasis on prevention as it reduces risk of disease and prevents unnecessary animal suffering. Our products prevent transfer of infectious or parasitic diseases to other animals, which also reduces risk of their transmission to humans. Our animal health products have a positive impact on the development of sustainable agriculture, which helps maintain the balance of the ecosystem. We contribute to healthy and safe foodstuffs and protection of humans against foodborne diseases and zoonoses by preventing and managing disease outbreaks in farm animals.

d) *Information security*

Data privacy, integrity, protection, and cybersecurity are important for business operations of the entire Krka Group. We apply the **CIA** (Confidentiality, Integrity, and Availability) **triad model**, which sets out information security policy for companies and guarantees confidentiality, integrity, and availability of information, and the **ALCOA+** (Attributable, Legible, Contemporaneous, Original, Accurate) principles, which ensure that data are attributable, legible, understandable, contemporaneous, original, and accurate.

At least the latest valid standards, recommendations, laws and sub-law acts stated below apply to Krka's information security management system:

Cybersecurity is governed by standards ISO/IEC 27001; ISO/IEC 27002; the ***NIS 2 Directive*** and the related national laws and regulations, e.g. the ***Information Security Act***; and standards of ***the Open Worldwide Application Security Project*** (OWASP).

We manage information security risks by ISMS, the ISO 27001-certified information security management system. The ISMS is a separate business process within Krka's quality system. It includes key organisational units and business processes in the controlling company. The Management Board has appointed the Information Security Officer to lead the ISMS process, who reports directly to the responsible Management Board member. The Information Technology Committee reviews comprehensive reports on the Krka Group information security.

Krka specifies the criticality of information resources (information systems and services) using annual criticality assessments of business processes and information resources to implement the business process.

We place great emphasis on data credibility and reliability, ensuring that throughout the prescribed data retention period data remain compliant with regulatory requirements for integrity, durability, availability, readability, accuracy, authenticity, and traceability. We pursue the principle of data integrity in development, production, control, distribution, product quality assurance, and pharmacovigilance.

Personal data protection is of vital importance, and as an international group we are required to manage them in conformity with national legislation of all countries where our subsidiaries and representative offices operate. The Management Board has appointed the Data Protection Officer at Krka and the Krka Group levels, who ensures that personal data are protected in accordance with EU regulations or national legislations insofar different or stricter rules apply.

Detailed information is available in ***Information Security Policy*** published on Krka's website.

e) *Management diversity, independence and competence*

The Management and Supervisory Boards have adopted the ***Diversity Policy for Management and Supervisory Bodies of Krka***. Key areas are gender, age, and qualification profile diversity of the management and supervisory bodies. The policy provides for a balanced gender structure, suitable interdisciplinarity and age structure, allowing for transfer of experiences and knowledge.

f) *Contribution to local community development*

We consider social needs in daily business, because we know that they impact the Krka Group's business operations and development as well. The ***Code for Allocating Sponsorships and Donations*** is the umbrella document, regulating sponsorships and donations. In accordance with our mission 'Living a healthy life', we allocate most of our sponsorships and donations to projects related to health and quality of life, which also agrees with United Nations' sustainable development Goal 3: Good Health and Well-being, to which we contribute the most through our core business. We aim to develop long-term partnerships that foster an integrated and responsible social development, scientific research, intergenerational and interdisciplinary cooperation, adherence to diversity principles, and healthy lifestyles. We have been building partnerships for years through sports, culture, healthcare, science, education, humanitarian actions, and enhancing environmental protection. We identify our partners' needs through regular contacts and by following their development, long-term sponsorships, and annual meetings. Our sponsorship and donation committee examines all sponsorship and donation applications.

g) *Sustainability-linked remuneration*

Securities of Krka, d. d., Novo mesto are traded on the regulated market, so we have drafted a remuneration policy for management and supervisory bodies in line with the ***Companies Act*** (ZGD-1) and further update it as necessary. The remuneration policy is based on Krka's long-term development strategy and encourages the Management Board to achieve Krka's strategic objectives, pursue long-term development and sustainable business operations with respect to Krka Group's six strategic sustainability areas. All performance criteria contribute to achieving Krka's primary objective, i.e. to engage in gainful activities maximising the company's value and creating profits, and at the same time act to benefit the company, employees, shareholders, and social community.

h) *Prosperous business operations and financial strength*

We strive to achieve growth in sales value and volume while ensuring business profitability, as this enables us to create sustainable economic and added value in the long term. Robust cash flows from operating activities enable us to settle operating liabilities without disruption, finance research, development, and investments in increasing and upgrading production and development capacities, and pursue potential acquisitions financed through our own equity capital. They help us maintain a stable capital structure, high liquidity, and adequate allocation of capital through investments, long-term stable dividend policy, and treasury share repurchase programme. Every year, we allocate at least 50% of the net profit of the majority shareholders for dividends, which – in addition to increasing value of Krka – ensures extra profitability for investors, our important stakeholders, in exchange for equity financing and accepting the risks related to Krka's shares. Good business performance and financial stability give the Krka Group resilience in the changing business environment and against external shocks and strengthen our position of a reliable partner in the value chain that through high economic impact enables wider society, suppliers, customers, and other stakeholders to grow together with us. Krka is primarily financed by equity and strives – should the necessity for debt financing arise – to maintain any potential debt at a low and sustainable level and not jeopardise long-term business operations.

i) *Working conditions and workers' rights across the value chain*

One of our most important stakeholder groups consists of workers in the value chain employed by our direct and indirect suppliers (upstream-value chain), and direct and indirect buyers (downstream-value chain). In line with the ***Due Diligence Policy of the Krka Group***, the ***Code of Conduct for Business Partners of the Krka Group***, and the ***Human Rights Policy of the Krka Group***, we initiated the process and activities for conducting human rights and environmental due diligence. We initially focused on the supply chain and strive to ensure compliance with the ***Due Diligence (CS3D) Directive*** in due time as well. We expect our business partners to provide high-quality, safe, and effective products and services that fully comply with contractually agreed standards, applicable laws, and other regulations.

5. PLANET AND CLIMATE CHANGE

The *Environmental Policy of the Krka Group* applies to all aspects of our operations and commits both the management and all employees to sustainable business practices and environmental preservation, reducing the environmental impacts of our activities throughout the entire product life cycle, ensuring a healthy living environment to employees and the wider community, and contributing to global environmental goals. The *Policy* specifies our efforts for reducing the impact of our activities on climate change, efficient use of resources and circular economy, prevention and minimisation of environmental pollution, proper waste management, biodiversity and ecosystem conservation, and care for natural water resources. It also determines our commitment to sustainability, stakeholder engagement, and value chain due diligence in order to identify, prevent, and mitigate negative environmental impacts and manage environmental risks. The *Code of Conduct for Business Partners of the Krka Group* encourages implementation of commitments to environmental policy in operations throughout the value chain, from suppliers (upstream-value chain) to direct customers and end-users (downstream-value chain).

6. COMPLIANCE, INTEGRITY AND TRANSPARENCY

a) *Legislative and regulatory compliance*

The guiding principle for all employees in the performance of their work and responsibilities is to act in accordance with the ethical principles of honesty, loyalty, and professionalism, as well as applicable regulations, and internal policies and rules. We continuously increase employee awareness of potential fraud, non-compliance, or any other violations, and methods for controlling them, accountability for their identification and reporting. We provide for regular education of the employees at the Krka Group level on the importance of corporate compliance and corporate integrity. We comply with the reference codex, the Slovenian *Corporate Governance Code* adopted by the Ljubljana Stock Exchange and Slovenian Directors' Association. We also comply with most regulations from the *Corporate Governance Code for State-Owned Enterprises* adopted by the management of the Slovenian Sovereign Holding under the approval by the supervisory body of the holding, and more than two thirds of stipulations from the *Best Practice for GPW Listed Companies 2021*, referring to the companies listed on the Warsaw Stock Exchange. The umbrella documents governing corporate compliance throughout the Krka Group are as follows: the *Krka's Code of Conduct*; the *Rules on Fraud Prevention, Detection and Investigation*; and the *Integrity Plan*. The *Krka's Code of Conduct* (the *Code*) sets out the principles and rules of ethical conduct, good business practices, and standards of conduct in Krka, and is binding on all Krka employees. The *Rules on Fraud Prevention, Detection and Investigation* set out key objectives, principles, and rules on fraud management, as well as the duties and responsibilities of Krka employees in this regard. The *Integrity Plan* specifies risks, internal controls related to integrity, ethics, and compliance in business operations, and proposes improvements. Compliance of business operations with legislative and regulatory requirements is set out in standard operating procedures and internal rules. Chief Compliance Officer is appointed at the Krka Group level. We prevent any potential abuses and insider trading by implementation of internal rules on trading in Krka's financial instruments and control mechanisms for employees and third parties that handle such information.

b) *Comprehensive and accessible reporting*

Krka is a public company whose shares are listed on the Ljubljana Stock Exchange (LJSE) and the Warsaw Stock Exchange (WSE). The *Reporting Rules* set out the procedures relating to our obligation to publicly disclose all regulated information and communicate it in accordance with the regulations. Our business complies with national legislation, EU laws, and other regulations governing reports on inside and regulated information, financial and business accounts, which we regularly publish in the Ljubljana Stock Exchange electronic information dissemination system (SEOnet) and the Polish Financial Supervision Authority electronic information dissemination system (ESPI). We also make reports and information on business performance public on corporate websites and internal media. This makes them available to internal and external stakeholders and the general public. We regularly draw up annual financial calendars of public releases. We produce consolidated financial statements of Krka and the Krka Group in compliance with the *International Financial Reporting Standards* (*IFRS*). Annual reports are audited. We draw up the *Sustainability Statement* in accordance with the requirements of the *Corporate Sustainability Reporting Directive* (*CSRD*) and the *European Sustainability Reporting Standards* (*ESRS*).



c) *Fair marketing and sales practices*

When involved in marketing activities, Krka and our subsidiaries follow respective national legislations and the ***Krka's Code of Promotion***, which is available on corporate websites. ***Directive 2001/83/EC*** and the ***Medicines for Europe Code of Conduct*** constitute the broadest legal frame we comply with. Activities pursued by employees when marketing prescription pharmaceuticals are further detailed in the ***Krka's Code of Promotion*** and in operational instructions for visits to healthcare professionals, and professional meetings, education and training, and company visits. We give healthcare professionals integral, accurate, up-to-date and balanced information on our medicines and the treatment doctrine. Our relationships with the expert community are transparent and traceable, and we strictly follow all laws and regulations in that field. All employees collaborating with the expert community must be familiar with ***Krka's Code of Promotion***, and we regularly check their knowledge in e-tests. We cater for proper advertising of our medicines and give special attention to organising and supervising the work of employees in the marketing network. Our employees regularly undergo training, and we test their qualifications, skills, and how familiar they are with instructions for work, legislation, and applicable regulations. When marketing our products, we consistently comply with legislation, recommendations of Medicines for Europe, and ethical norms related to advertising pharmaceuticals. In this regard, we also carry out comprehensive training and knowledge assessment for our employees. We place particular focus on business compliance, so marketing is also included in the ***Integrity Plan***, which is addressed by the Management Board. We systematically monitor the satisfaction level of direct and indirect customers. In order to ensure the responsibility of direct customers, we have concluded with each of them a relevant quality assurance contract, which sets out proper handling of our products in accordance with the Good Distribution Practice (GDP) standard. We regularly monitor and analyse compliance of marketing activities.

d) *Tax policy and transparency*

The Management Board has adopted the ***Krka Group Tax Code of Conduct and Tax Conduct Policy of the Krka Group***, which is published on Krka's corporate website as well. The two documents set out the policy, objectives, guidelines, and principles of tax management, including transfer pricing, based on principles and rules of ethical conduct and good business practices and standards of conduct, which are defined in Krka's ***Code of Conduct***. The principles that the Krka Group follows in the tax field are to: (a) Act in accordance with the legislations of the countries in which we operate; (b) Settle tax liabilities voluntarily and on time; (c) Avoid risky tax decisions; (d) Consider tax perspective when changes occur or when introducing new business models; (e) Follow changes in tax legislation and continuously train employees involved in the tax process; (f) Work with tax authorities and ensure open, fair and constructive cooperation; and (g) Maintain partnerships. We ensure this through the appropriate organisation and operation of the Krka Group's tax function and clearly defined responsibilities. We have been granted a special tax status, which we maintain, and carry out horizontal tax monitoring. This earns Krka special reputation and trust as regards taxes and builds awareness among stakeholders and the interested public that Krka accounts for and pays its tax liabilities regularly and on time and applies a transparent model of operations.

e) *Ethics in clinical trials and R&D*

We recognise the major importance of clinical trials and therefore monitor medicines for efficacy, safety and quality before and during registration procedures and after obtaining relevant marketing authorisations. We therefore conduct bioequivalence and pre-authorisation research, and support post-authorisation clinical research. To obtain marketing authorisations, we must – like other generic pharmaceutical manufacturers – include the results of preclinical and clinical research in the registration dossiers and unequivocally demonstrate that our medicines meet high quality, safety, and efficacy standards. Clinical research is conducted in line with the latest professional and regulatory guidelines. Krka also supports research on medicines in regular clinical practice to monitor the efficacy and safety of Krka medicines in daily use and the therapeutic areas in which medicines are used. We operate in compliance with national regulations and requirements in all countries and promptly introduce relevant changes. We collaborate with regulatory bodies in a transparent manner in all registration and inspection procedures. All clinical research (on healthy volunteers and patients) is conducted in line with the applicable legal requirements, good practice guidelines, the ***Helsinki Declaration***, and ***Regulation (EU) 2016/679*** (***General Data Protection Regulation***). Patients and healthy volunteers are included in research only if they sign the informed consent form. Investigators inform them about its course and any risks involved. This guarantees safety of the participants, transparency, ethics and high quality of research, which also receive approvals from regulatory and inspection authorities. We apply good pharmacovigilance practices in monitoring and reporting on adverse events. We publish results of interventional clinical research in the ***EU Clinical Trials Register*** to provide for transparency. Krka is one of the few generic pharmaceutical companies that supports clinical research done by doctor-researchers. They demonstrate efficacy of our products, so we importantly contribute to better understanding and upgrading therapies. Also in research, we cooperate with reliable and trusted partners who do not pursue ethically questionable practices. We have set up systems for ensuring quality of clinical research and safety of the involved patients, and the

pharmacovigilance system for prevention of any harm due to adverse reactions in all end users of our medicines. We ensure quality through: (a) Highly qualified personnel who comply with all applicable laws and guidelines; (b) Internal rules; (c) Use of adequate equipment and computer systems; (d) Risk management; (e) Careful selection of contractual partners; (f) Clinical study performance monitoring; (g) Reporting on patient safety and safety of all other participants in clinical studies; and (h) The deviation investigation system. Organisational units of the parent company manage the global system of clinical research and pharmacovigilance, while subsidiaries and representative offices manage activities in their particular countries.

