



CODE OF CONDUCT FOR BUSINESS PARTNERS OF THE KRKA GROUP





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The Management Board of Krka, tovarna zdravil, d. d., Novo mesto, at its 12th regular meeting of 30 September 2024, adopted the following

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1 | INTRODUCTION

The Code of Conduct for Business Partners (hereinafter referred to as the Code) of the Krka Group (hereinafter referred to as Krka) is a collective commitment to implementing ESG sustainability principles and promoting their integration in business processes across the entire value chain, from suppliers (upstream) to direct customers (downstream). The Code summarises the principles of ethical and sustainable business practices that we expect from our business partners.

Integrated, strategic, and efficient ESG governance of Krka is essential for managing environmental aspects, sustainability-related risks, identification of impacts, and detection of trends and opportunities for responsible management of natural and social environments. To ensure the success of our business operations in the long-term, we integrate sustainability principles into management processes and business decisions. By adopting a sustainable approach as a driver of Krka's progress, we create long-term value for all stakeholders and achieve sustainable growth and strategic business goals. We have outlined our sustainability commitments in the ESG Policy of the Krka Group (ESG Policy), which serves as our pledge to promote and implement sustainable principles in our operations. The ESG Policy represents Krka's current and future commitments and serves as the foundation for enhancing sustainable management in environmental, social, and governance areas, which Krka has been committed to for decades.

2 | PARTNERSHIP AND TRUST

Krka's mission is 'Living a healthy life'. Health is a value and responsibility that we place above everything else. Partnership and trust are also key values for us, which is why we strive to build strong relationships. These relationships form the foundation for a respectful approach to our business partners and everyone we coexist with. Krka's business culture and the highest standards of ethics and integrity are part of our daily business processes. We respect the law, are committed to corporate integrity, and collaborate with partners whose ethical standards align with our principles. Our primary goal is to ensure high-quality, safe, effective, and affordable generic medicines, used by more than 100 million people in over 70 markets worldwide. We indirectly impact the lives of millions more, which is why sustainable development is of utmost importance to us. It allows us to expand our positive social impact while reducing and mitigating the burdens on the natural and social environment.

In our operations, we are committed to promoting and implementing sustainability principles, including within our value chain. We understand that we can only achieve our long-term business and sustainability goals through collaboration with our partners. Together, we contribute to the achievement of global sustainability goals, particularly in areas such as respecting human rights and protecting the natural environment. We expect our business partners to comply with applicable laws, regulations, guidelines, and collective agreements, which is why this Code complements and enhances the requirements of relevant legislation. We aim for our business partners to actively contribute with us toward reducing and mitigating the burdens on the natural and social environment, to increase their positive social impact, fulfil their social responsibility, and meet stakeholder expectations. This Code is intended for our business partners, to whom we wish to demonstrate how defined sustainability goals are applied in everyday business processes. Together with our business partners, we seek to contribute to the sustainable development of society and the responsible management of social and natural environments, and we are committed to supporting them as partners in this effort. At Krka, we believe that in this way, we not only improve our own performance but also that of our business partners, both in terms of sustainable business practices and financial results.

This Code is based on:

- UN Guiding Principles on Business and Human Rights,
- OECD Guidelines for Multinational Enterprises,
- OECD Due Diligence Guidance for Responsible Business Conduct,
- International Bill of Human Rights,
- International Covenant on Civil and Political Rights,

- International Covenant on Economic, Social and Cultural Rights,
- International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy,
- International Labour Organization's Declaration on Fundamental Principles and Rights at Work,
- ILO conventions and other international standards in this field.

3 FRAMEWORK OF PRINCIPLES AND EXPECTATIONS FOR KRKA'S BUSINESS PARTNERS

3.1 Human rights, worker's rights, and fair employment practices

We are committed to preventing and resolving human rights violations or mitigating their impact within our processes and throughout the entire value chain. We expect our business partners to respect the internationally recognized human rights of their employees and other individuals within the organization and local communities, and to treat their employees and others with dignity and respect. The Human Rights Policy of the Krka Group is an integral part of this Code.

a) Prohibition of slavery, human trafficking, and forced labour: We expect zero tolerance for forced, slave, or compulsory labour, as well as human trafficking, throughout our value chain. Employees must freely choose their employment and have the right to terminate their employment at any time in accordance with national laws. Unreasonable restriction of workers' freedom of movement and hiring workers who had to pay to secure employment are not allowed.

b) Prohibition of child labour and protection of young workers: We do not allow any form of child labour in our value chain. Business partners must comply with all applicable laws and regulations regarding age, working hours, payment, health, and safety at work when employing workers.

c) Prohibition of discrimination and respect for diversity: We expect zero tolerance from business partners for discrimination based on an employee's characteristics, such as age, chronic illness, disability, ethnicity, marital status, gender, national origin, physical traits, pregnancy, religion, sexual orientation, skin colour, union membership, volunteer activities, and any other protected category as defined by national laws. Employment decisions regarding hiring, compensation, development, and promotion must be based

solely on the individual's abilities, experience, behaviour, job performance, or demonstrated potential relevant to the position. Inclusion and diversity are fundamental to Krka's success, as research work and innovative ideas come from a diverse workforce and a wide range of business partners who continually encourage us to improve and progress. We seek to collaborate with business partners who share our values, as defined in the Diversity, Equity and Inclusion Policy.

d) Fair and equitable working conditions: We expect business partners to pay their employees in accordance with applicable laws on salaries, including provisions on minimum salaries, overtime, and mandatory benefits. The working hours of employees at business partners should not exceed the maximum limits set by applicable national laws and ILO standards, and overtime should be voluntary. When balancing professional and personal life, business partners must respect the right of their employees and other workers to rest and leisure time. Compensation must be paid regularly, on time, and in accordance with applicable laws. Salaries and benefits should be fair and competitive, while also ensuring that employees and their families can maintain an adequate standard of living. If business partners provide accommodation for their employees, they must ensure it meets appropriate hygiene standards, comfort, and is provided at a reasonable cost. This accommodation should not be considered a substitute for an employee's salary. Business partners should also provide their employees and other workers with opportunities for training and education.

They must ensure that their workplaces are safe and free from any form of hostility. All employees must be treated fairly. We expect zero tolerance in the workplace for humiliating behaviour, bullying, and harassment, including sexual harassment, corporal punishment, mental and/or physical abuse.

e) Right to assemble and associate, and to receive regular information: We support open communication and direct collaboration. We expect respect for workers' rights as defined by applicable laws, including the right to freedom of association, trade union and works council membership, and representation. Business partners should foster a culture of communication where employees can openly discuss working conditions with management without fear of retaliation, intimidation, or harassment.

f) Local and other communities: We expect business partners to respect the rights of local and other communities within their value chain, including the right to a clean and healthy environment

3.2 Health and safety

At Krka, we ensure a safe and healthy working environment. We follow the latest standards for occupational health and safety, as well as fire protection. We continuously upgrade and improve the system implemented at the parent company, which is certified in accordance with ISO 45001 and fully integrated into the quality management system. We expect that business partners also provide a safe and healthy working environment.

a) Health and safety of employees: We expect business partners to ensure safe workplaces and appropriately identify and assess related risks. They must have emergency plans and response procedures in place to mitigate risks in such situations. Employees should have access to information regarding risks related to safety, health and environment, including details on chemicals, pharmaceuticals, and other potentially hazardous materials, through proper communication, training, and protection measures. Business partners must comply with international and national regulations concerning the production, import, and transport of hazardous materials, including documentation, registration, and notification requirements.

b) Process safety: We expect business partners to establish systems and programmes for identifying risks and to implement measures to prevent or mitigate those risks, such as chemical discharges, fires, and explosions.

3.3 Environmental compliance, sustainability, and goals

At Krka, we respect environmental regulations and take responsibility for the environment, working closely with the local community. Our commitment to environmental responsibility is outlined in the Environmental Policy of the Krka Group. We promote environmental sustainability by continually improving our business processes. We strive to reduce and mitigate our environmental impact, adapt to climate change, and achieve the goals.

We expect our business partners, like us, to adopt a responsible and sustainable approach to the environment, gradually reducing and mitigating their environmental burdens. We expect them to make efforts to establish plans and set goals within a reasonable time to reduce greenhouse gas (GHG) emissions, use water responsibly, minimize waste, use ecological materials, and comply with applicable laws in this area.

a) Environmental permits and reporting: We expect business partners to comply with all applicable environmental regulations as well as national and local legislation, including obtaining the necessary permits and licenses and fulfilling reporting requirements. For Krka, appropriate reporting throughout the value chain is important. Therefore, upon request, business partners must provide us with the relevant data to allow us to report on sustainability in accordance with the law. Reporting on impacts, risks, adopted environmental policies, set goals, and their achievement must be transparent and in line with the legally defined reporting framework.

b) Waste and emissions to air, soil, and water: We expect our business partners to implement measures to prevent pollution of soil, air, and water. They should work to reduce the amount of waste generated, ensure reuse, and follow the principles of circular economy. They must monitor the amount of waste and all emissions into the environment to adequately eliminate or mitigate the risks of adverse impacts on people and the environment. We expect them to have systems in place for safe and efficient management of waste,

including its storage, transportation, disposal, recycling, and reuse, as well as the management of air emissions and wastewater discharges.

c) Prevention of spills and discharges: We expect our business partners to have established procedures and systems for preventing and mitigating unintentional spills and discharges into the environment, and to manage the associated adverse impact on the environment, local community, and human health. In the event of environmental contamination, they must address and rectify all consequences.

d) Efficient resource use: We expect our business partners to adopt measures to improve efficiency and reduce the consumption of energy, water, and other resources. They should strive to establish and execute a plan to maximize the share of energy from renewable sources in their consumption and develop a water management plan to reduce water use, manage wastewater, and increase recycling.

e) Climate change: We want our business partners to assess the impacts and risks associated with climate change on their operations and the entire value chain, and to develop appropriate plans for mitigating these impacts. We expect them to understand and work towards reducing greenhouse gas (GHG) emissions that are directly and indirectly caused by their activities, as well as those generated by their value chains. They should set goals for reducing GHG emissions and align them, within a reasonable amount of time, with scientifically supported methodologies and targets.

f) Biodiversity: We expect our business partners to commit to the protection of biodiversity and ecosystems as part of their environmental management, and to work towards reducing and mitigating their environmental impacts. This includes the responsible use of resources from the environment in which they operate, including air, water, soil, natural resources, plant life, and wildlife.

3.4 Ethical conduct

Krka's Code of Conduct sets out the principles and rules for ethical behaviour, good business practices, and standards of conduct. It serves as the foundation for all other business rules and guidelines. It is complimented by the Rules on Fraud Prevention, Detection and Investigation. We expect our business partners to operate ethically and fairly, in compliance with applicable laws and regulations. They must adhere to high ethical standards regarding scientific conduct in all areas of research and development.

a) Corporate integrity: In preventing fraud and corruption, and ensuring compliance, we adhere to a zero-tolerance principle. This means that we do not tolerate unethical, unprofessional, or illegal behaviour by employees or business partners. We respect applicable laws, other regulations and standards, and good business practices in this area. We expect the same from our business partners, who must not engage in or tolerate any form

of corruption, extortion, embezzlement, or money laundering. They must not exploit business opportunities, assets, or information for personal, economic, or third-party gain, nor promise or provide any benefits or gifts to influence the decisions of national authorities, public officials, business partners, or other entities. They must not accept gifts or any other benefits that may influence their decisions concerning their work. We only permit occasional, symbolic, or promotional gifts of small value, and buffet receptions that are traditional or common and accompany events such as business, cultural, sports, educational and other events or meetings, however they must not exceed the basic purpose of the event.

We expect business partners to have established systems, procedures, and appropriate controls to prevent bribery and corruption. If we identify a serious risk of corrupt behaviour when establishing a business relationship, we will not proceed with that relationship. Donations and other financial and non-financial contributions to healthcare professionals and organizations are made to acquire the latest medical knowledge and support the healthcare system and research. They are documented and transparent, and executed in a way that eliminates any possibility of influencing healthcare professionals, staff, and organizations regarding the prescribing, recommending, issuing, selling, or purchasing our products.

b) Fair competition: We expect our business partners to operate in accordance with the principles of fair competition and all applicable competition protection laws, antitrust laws, and trade regulations. They should engage only in fair business practices, including accurate and truthful product advertising.

c) Animal welfare: Through careful planning in the selection and development of animal health products, adherence to legislation (Directive 2010/63/EU on the protection of animals used for scientific purposes) and animal health guidelines, we contribute sustainably to improving animal health and welfare. We expect our business partners to treat animals with respect. Animal testing should only be conducted after considering alternatives, reducing the number of animals used to the minimum necessary, or re-designing procedures to minimize discomfort and distress to animals. If scientifically valid and acceptable to regulators, alternative methods should be used instead of animal testing.

d) Information security: Privacy, reliability, data protection, and cybersecurity are crucial for Krka's operations. We manage information security risks through an information security management system (ISMS) in accordance with ISO 27001, and we build our high cyber security, resilience, and responsiveness in line with Directive (EU) 2016/1148 (NIS) and Directive 2022/2555 (NIS 2), which will replace the NIS Directive. We expect our

business partners to protect confidential information and the privacy of companies, employees, and patients, and to respect intellectual property rights. They must comply with relevant data privacy and protection laws. Their information systems must be appropriately managed and protected against unauthorized access, use, disclosure, alteration, or destruction of personal data. They must not use or process personal data acquired by Krka and owned by Krka for their own purposes without Krka's prior written consent. To ensure adequate cybersecurity, we expect business partners to have established and implemented procedures for monitoring and maintaining the effectiveness of their cybersecurity programme and control systems.

e) Patient safety and access to information: Business partners must comply with applicable laws, regulations, and guidelines on good pharmacovigilance practices to ensure the proper and timely collection of safety information and reporting of adverse drug reactions. We expect them to have appropriate management systems in place to minimize the risk of patient rights violations, including their rights to health and access to information.



f) Conflict of interest: A conflict of interest exists when personal interests of an individual affect or could affect the ability of the individual to carefully and objectively make decisions and carry out their work. This may be economic interest of an individual, their personal interest, their family members' interest, or the interest of other persons related to such an individual. A conflict may also be a consequence of an individual's participation in entrepreneurial, scientific, political, or other associations. Business partners must avoid any situations that could give the impression that their decisions are influenced primarily by personal interests. We expect business partners to disclose to Krka any actual or potential conflict of interest that could affect the performance of their tasks or the provision of services for Krka.

g) Quality and protection of products: We expect our business partners to provide high-quality, safe, and effective products that fully comply with contractual standards, applicable laws, and other regulations. This means that business partners involved in the supply, manufacture, packaging, repackaging, testing, storage, and distribution of materials or products for Krka or on its behalf must ensure compliance with the relevant quality regulations and GxP good practices. We expect our business partners to refrain from participating in any activity that supports illegal trade of medicines. In case of suspicion of illegal trade, they must notify us and provide reasonable assistance in the investigation. They should have measures in place to ensure the authenticity of products from origin to destination (from the first to the last stage of the value chain), including maintaining procedures and records that ensure traceability (among other things) of finished products, waste, surplus, returned, and discarded products. They must ensure that all data related to the supply of materials, products, or services to Krka, are accurate, controlled, protected against manipulation or loss, and compliant with all standards for data integrity.

3.5 Governance and management systems

Reliable governance and management systems are the foundation for compliance with Krka's principles and standards. We expect our business partners to have integrated appropriate systems for carefully assessing risks and impacts, monitoring legislation, setting priorities, assigning responsibilities, implementing risk mitigation measures, and striving for continuous improvement, compliance, and business continuity.

a) Culture of operation, commitment, and responsibility: We want business partners to be familiar with the principles outlined in the Code and strive to uphold them throughout their entire value chain. We expect them to demonstrate responsible and ethical behaviour through their governance and management systems, by allocating appropriate resources and holding leadership accountable.

b) Legal and other client requirements: We expect a thorough understanding and compliance with all applicable international, national, and local laws and regulations, internationally recognized conventions, contractual agreements, as well as standards, codes, and requirements of the Krka Group regarding due diligence. We expect our business partners to align their practices with widely accepted industry standards, hold all necessary permits, certificates, licences, and registrations, and to operate in accordance with their limitations and requirements. This level of compliance is also expected from their own business partners.

c) Risk management: We expect our business partners to have mechanisms in place for assessing, mitigating, and managing risks in all areas covered by this Code, or to establish them within a reasonable time frame.

d) Preparedness and response to emergencies: Business partners should strive to develop plans for responding to potential emergencies in their processes, workspaces, and surrounding areas. They should assess the criticality of processes and risks that threaten their operations through impact analysis, and adopt an appropriate business continuity strategy for activities that support Krka's operations.

e) Ensuring traceability and monitoring: We expect business partners to strive to establish a system of due diligence in their value chain. This means that principles from this Code or equivalent business standards should be appropriately communicated to their own business partners in the value chain. We expect business partners to maintain documentation necessary to demonstrate compliance with applicable regulations and our expectations outlined in this Code. To verify compliance with the Code of Conduct for Business Partners of the Krka Group, we may conduct proper investigations of business partners, which may be carried out physically at their locations, using questionnaires, reviewing available documentation, or through other measures for verifying compliance. We will consider applicable data protection and confidentiality requirements in this process.

f) Training and competencies: We expect business partners to have effective methods in place for informing the relevant stakeholders, including employees, contractors, suppliers, and the local community about our expectations, standards, and principles. We expect that business partners provide appropriate training for their employees so that they possess the knowledge, skills, and abilities to make ethical decisions in accordance with the law, other regulations, contractual requirements, and our expectations as outlined in this Code.

g) Continuous improvement: We expect business partners to set goals and key performance indicators (KPIs) to promote continuous improvement in implementing the principles outlined in this Code. This includes implementing action plans and taking necessary corrective actions to address deficiencies identified through internal or external inspections, audits, management reviews, and other checks.

h) Grievance mechanisms: We expect business partners to have established grievance mechanisms through which employees and external stakeholders can report concerns, illegal activities, or violations of the principles outlined in this Code. They must ensure that the company culture in the workplace and business environment promotes open communication without threats or fear of retaliation, intimidation, or harassment. Reports of suspected irregularities can be sent by involved or affected stakeholders to the email compliance.officer@krka.biz. The compliance officer investigates the reports and generally appoints a task group for each case separately by engaging experts qualified in the respective area. Business partners must guarantee anonymity to reporters and provide for their protection against any potential retaliatory measures. When a case is closed, they must implement corrective actions where justified.

i) Response and remediation of adverse impacts: We expect that business partners thoroughly investigate incidents or concerns related to the principles outlined in this Code, implement corrective actions, and provide remediation as necessary.

4 | FINAL PROVISIONS

The Code enters into force on the day when adopted by Krka's Management Board. In applying the principles outlined in this Code, it should be noted that, in the event of any discrepancies between the Code and national legislation, national legislation and the socio-cultural conditions and customs of the country in which the business partner operates shall prevail.

The Code is a public document and is published on Krka's website in both Slovene and English. Due to the complexity, continuous changes in the regulatory and business environment, and the importance of this area for Krka, we will conduct systematic reviews of the adequacy of the Code, typically once a year. Any changes to the Code are approved by the Management Board.

