



SUMMARY OF STRATEGIC ESG GOALS

Environmental

- Comprehensive management of the environmental management system, ensuring sustainable development, and continuously improving conditions in all areas of environmental protection, following the Krka Group Development Strategy and Krka Group ESG Policy, Chapter Planet, and climate change.
- Ensure an environmental management system in line with national legal requirements, EU directives, and ISO 14001 standards.
- Ensure a high level of environmental protection throughout the entire product life cycle.
- Ensure efficient management of raw materials, products, waste, and other materials, as well as the efficient use of energy and water.
- Implement circular economy practices (use of regenerated solvents, reuse of water, separate collection and delivery of waste for processing, etc.).
- In line with the action plan and considering the availability of new technologies and carbon-neutral energy sources (e.g., renewable energy, carbon-neutral electricity, and fuels), undertake activities to reduce the carbon footprint.
- By reducing environmental impacts, ensure the preservation of biodiversity.
- Gradually increase the share of electric vehicles in its fleet.

Ratio	Objectives by 2028
Specific use of energy (TJ/billion pieces)	< 80
Scope 1 and 2 emission reduction compared to 2019	-48%*
Reduction of specific waste	-3%

* Objective by 2030

Objectives for reducing the Krka Group's carbon footprint by 2050

By 2050, the Krka Group will continue its efforts to reduce its carbon footprint. We will follow trends and utilize the best available decarbonization technologies in the fields of transport and the supply of carbon-neutral energy sources (RE, hydrogen, etc.), incorporating them into our processes to the fullest extent possible. We will monitor the content and requirements of the CS3D directive regarding the preparation of decarbonization plans in line with the Paris Agreement and climate neutrality by 2050. The successful implementation of sustainable environmental policies in the coming period will be influenced by newly available techniques and carbon-free energy sources in the market, as well as new legislation. It is crucial for Krka to maintain growth and development and competitiveness in the global market.

Social

1. Product quality and patient safety

- Ensure development in compliance with the strictest quality, safety and efficacy standards and satisfy uniform requirements for products in all Krka's markets.
- Upgrade the development and production of APIs and products based on constant monitoring and assessment of production; actively participate in continued promotion of professional, technological, infrastructural, and personnel know-how in development and production, and hence fully implement the vertically integrated business model, which provides for the competitive edge and ensures reliable supplies of APIs and products.
- Raise awareness of the employees about: (i) The culture of quality in the Krka Group; (ii) The importance of quality and correct regular work in ensuring quality, safe and efficacious products; and (iii) The importance of every person for attainment of our goals.

Ratios	Objectives by 2028
Critical non-compliances established in inspections by authorised bodies or partner audits	0
Complaints to released batches ratio	< 1%

2. Recruitment, development and talent management; Employee diversity, inclusion and participation; Health, safety and employee well-being

- Maintain balanced gender structure of all employees and senior managers and continue to pursue the policy of equal employment opportunities regardless of gender and age.
- Raise awareness of sustainability and sustainable operations through planned education of employees and internal and external incentives.

Ratios	Objectives by 2028
Proportion of employees trained in sustainability, corporate compliance and human rights	All employees every 2 years
Proportion of the Krka Group employees regarded as key and high-potential employees	Min. 10
Proportion of revenue allocated for education	0.35-0.50%
Training hours per employee	40



- Apply safety measures and mitigate risks in order to constantly decrease the number of injuries sustained at work, occupational diseases, and other extraordinary events.

Ratios (Employees of Krka, d. d., Novo mesto and agency workers)	Objectives by 2028
LTIFR	< 5
Number of fire drills	> 45
Hours of training in health and safety at work	> 10,000

3. Patient tailored product portfolio; Expert support for healthcare professionals; Initiatives to raise awareness of healthy lifestyles and identification of widespread diseases; Uninterrupted supply of medicines; Affordable medicines

- Introduce key medicines from antidiabetic, antiaggregant, anticoagulant, and oncology product groups.
- Enter new markets.
- Support healthcare professionals in gaining extensive information about diagnostics and treatment of common non-communicable chronic diseases through personal contacts and seminars and state-of-the-art digital channels.
- Develop basic therapies, non-established active ingredients, and new approaches to treatment in selected segments of key therapeutic areas of prescription pharmaceuticals (single-pill combinations).
- Develop mobile applications and other solutions for digital healthcare in selected therapeutic areas where we are present with our products.
- Develop mobile applications and other digital solutions that assist rapid disease detection and more effective treatment, and promote healthy way of life.
- Enable access to affordable, high-quality, safe, efficacious and innovative medicines as one of the leading generic manufacturers and an important partner of local healthcare systems and patients and generate savings for healthcare systems and end users.

Ratios	Objectives by 2028
Average sales volume increase (per year)	5%
Increase the number of patients who take Krka's CVS agents – direct contribution to the SDG goal from the <i>2030 Agenda for Sustainable Development</i>	Average 3%-annual growth: 33 million of patients
Remain one of the leading medicine suppliers on traditional markets in key therapeutic areas, for example cardiovascular diseases (hypertension, hyperlipidaemia)	Remain one of the leading manufacturers in all said areas
Increase the proportion of sales generated by the Region Overseas Markets in total Krka Group sales	Increase the proportion of sales in those markets in total Krka Group sales
Ensure continuous supply of medicines and monitor satisfaction of direct customers by the CSI index	CSI index at the Krka Group level averaging > 80%

4. R&D and innovative culture

- Maintain the high level of innovation resulting in patent applications.
- Introduce latest technologies and constantly make improvements, and promote innovation in all areas to ensure uninterrupted supply of products, top quality, and competitive prices.
- Ensure continuous improvement of the quality system and hence the integrated management system through the inventive work in all areas, and generate savings by useful proposals and improvements.

Ratio	Objective by 2028
R&D expenses/Revenue	10%

5. Effective registration procedures

- Consider latest scientific findings and new regulatory requirements for APIs and finished products when drawing up registration documents and registration strategies, and in managing product registration procedures.
- Maintain high quality registration documents and flexible registration procedures.

6. Contribution to local community development

- Maintain the dynamics of contributions to the local community development by further investing in projects related to health and quality of life, instigation of new scientific findings, charity and volunteering, support to healthcare institutions, associations, patient associations, projects for natural environment protection, sports, culture, non-governmental and humanitarian organizations.





Governance

1. Resilient and flexible vertically integrated business model

- Strengthen the vital elements of vertically integrated business model, its flexibility and resilience by targeting CapEx.

Ratio	Objective by 2028
Investments – Target CapEx (€ million per year on average)	140

2. Legislative and regulatory compliance; Management diversity, independence and competence; Sustainability-linked remuneration

- Apply good practices when appointing Management and Supervisory Board members: (i) Consider professionalism and qualifications for the function; (ii) Regard at least profession, age (transfer of experience), and gender diversity; (iii) Target the 40-33-2026 gender diversity model.
- Pursue corporate compliance and integrity of operations by effective internal controls.
- Upgrade business processes and business policies, and hence improve sustainability governance and sustainability compliance.

3. Information security

- Maintain certification according to ISO/IEC 27001.

4. Prosperous business operations and financial strength

Ratios	Objectives by 2028
EBITDA margin	> 25%
Net profit of majority shareholders for dividend pay-outs	50% at least

5. Ethics in clinical trials and R&D

- Maintain and upgrade the required research data integrity.
- Ensure that corrective actions related to ethics in clinical trials are not required.

Ratio	Objective by 2028
No corrective actions as regards ethics in clinical trials	No corrective actions

6. Anti-corruption actions and human rights

- Publicly disclose any transfer of assets to healthcare professionals, healthcare organisations and patient associations on a regular basis.

Ratios	Objectives by 2028
Documented cases of fraud, corruption, violation of compliance, unethical, unprofessional, or unlawful conduct of employees	0
Violation of human rights in the Krka Group	0

7. Transparent and accessible reporting

- Upgrade annual and interim reports on sustainability.

8. Fair marketing and sales practices

- Ensure timely and thorough examination of familiarity with relevant codices the employees are bound to consider at their work.

Ratios	Objectives by 2028
Responsible product marketing void of claims due to unethical or legally inappropriate marketing activities	0
Responsible product marketing void of claims due to marketing promotion statements or off-label promotion	0

9. Supply chain business practices

- Provide for uninterrupted supply chain operations.
- Prepare a due diligence policy compliant with the CS3D Directive.
- Endeavour for greater weight of ESG-criteria in supplier assessment.

10. Tax policy and tax transparency

Ratio	Objective by 2028
By adhering to Krka's principles for managing the tax area, pursue a zero rate of adjustments and penalties in tax audits or inspections	0

