

Diversity Policy for Management and Supervisory Bodies of Krka

1. Review¹⁾

Gender Diversity

In the past ten years, women accounted for 22% to 44% of the **supervisory board** structure and made up 21% to 43% in the management and supervisory board structure, which are the highest management and supervisory bodies.

Directors' committee is the second highest management level in terms of hierarchy. As at 1 November 2020, women accounted for 45% of its structure and were in charge of the following business areas:

- New products;
- Human resources;
- Quality management;
- Marketing;
- Industrial property;
- Corporate performance management;
- Internal audit;
- Public relations;
- Worker director.

At upper middle management level, female colleagues head pharmaceutical production; quality control; pharmacokinetics and preclinical research; medical consulting (medical director); warehousing and transport; etc. Many Krka's subsidiaries abroad are directed by women. They lead more than half of Krka's representative offices.

Age Diversity

Over the past ten years, management and supervisory boards were characterised by a diverse age structure. This gave positive results at work and was reflected in different aspects on trends, technologies, and strategic decisions, which improved management and supervision. Also, experience varies with age.

Year	Supervisory board	Management board
2011	41–69 years	40–56 years
2012	42–70 years	41–57 years
2013	43–71 years	42–58 years
2014	44–72 years	43–59 years
2015	39–63 years	44–60 years
2016	43–68 years	40–61 years
2017	45–69 years	41–62 years
2018	46–70 years	42–63 years
2019	47–71 years	43–64 years
2020	49–72 years	44–65 years

¹⁾ Reviewed on 18 November 2020.

Qualification Profile Diversity

The supervisory board of Krka is composed of nine (9) and the management board of five (5) members. As more members sit on the supervisory board than on the management board, it is slightly easier to provide for diversity of qualification profiles with the supervisory board. At meetings, thanks to various qualification profiles, members expressed multidisciplinary views of the same topics, which increased quality of discussions.

Year	Supervisory board	Management board
2011	Pharmacy, chemistry, economics, mechanical engineering, organisation and management	Economics, pharmacy
2012	Pharmacy, chemistry, economics, mechanical engineering, organisation and management	Economics, pharmacy
2013	Pharmacy, chemistry, economics, mechanical engineering, organisation and management	Economics, pharmacy
2014	Pharmacy, chemistry, economics, mechanical engineering, organisation and management	Economics, pharmacy
2015	Pharmacy, chemistry, economics, mechanical engineering, organisation and management	Economics, pharmacy
2016	Pharmacy, chemistry, law, economics, social sciences, organisation and management	Economics, pharmacy, food technology
2017	Pharmacy, chemistry, law, economics, psychology, mathematics, social sciences, organisation and management	Economics, pharmacy, food technology
2018	Pharmacy, chemistry, law, economics, psychology, mathematics, social sciences, mechanical engineering, organisation and management	Economics, pharmacy, food technology
2019	Pharmacy, chemistry, law, economics, psychology, mathematics, social sciences, mechanical engineering, organisation and management	Economics, pharmacy, food technology
2020	Pharmacy, chemistry, economics, mathematics, social sciences, mechanical engineering, organisation and management	Economics, pharmacy, food technology

2. Diversity Policy Purpose and Scope

This diversity policy applies to management and supervisory boards. Krka, the controlling company, intends to reasonably apply it also when recruiting at low management levels. To the highest possible extent, the company amends all current provisions on the composition of the management and supervisory bodies set out by Krka's *Articles of Association, Rules of Procedure of the Company's Supervisory Board and Its Committees*, and supervisory board's resolutions on drawing up proposals for appointing or electing members to the management and supervisory bodies.

Members of the management and supervisory boards endeavour to pursue the policy at their work. This is disclosed in annual reports, section 'Supervisory Board Report' (additionally also elsewhere).

3. Diversity Policy Monitors

Diversity policy monitors are:

- Supervisory board human resource committee;
- Supervisory board;
- Management board;
- Works council (procedures for recruiting members to the supervisory board, employee representatives);
- Any committees involved in procedures for selecting members for management or supervisory bodies, in particular the nomination committee if appointed by the supervisory body;

- Human Resources of Krka pursue the diversity policy when recruiting officers for managerial posts at low and middle management levels.

The aforesaid monitors strive to consider diversity objectives stated below when making decisions and preparing HRM proposals.

4. Diversity Policy Objectives

Target Gender Diversity

The 40-33-2026 model, established by good practice, forms the grounds for voluntary pursuit of gender diversity. Public listed companies have undertaken to include 40% of women in their supervisory bodies and 33% of women in the supervisory and management bodies by 2026.

Age Diversity

Age ranges of the management and supervisory bodies should be similar to the ones successfully pursued by Krka in the past. They are outlined in the 'Review' section.

Age diversity also considers the endeavour for continued management and supervisory body memberships, which guarantees for experience and knowledge transfers as well as implementation of the strategy.

Qualification Profile Diversity

Members of the supervisory board should at least have experience in finance, law or corporate management, be familiar with the object of business, be skilled in management, and have experience in risk management.

The main objective is to ensure suitable interdisciplinarity, so in addition to qualification profiles stated above, members with natural science or technological science qualifications (e.g. IT engineers) and social science qualifications should be included in supervisory bodies if possible. One member can be in charge of one or more areas.

At least one specialist for accounting or audit with experience in those fields should be included in the audit committee.

Members of the management board should thoroughly know business operations of Krka, corporate business processes, organisational structure, and products. They should understand regulatory and other particularities of pharmaceutical industry in an interdisciplinary context. They should be familiar with particularities of markets in individual regions and follow the trends in pharmaceutical industry.

Pharmaceutical legislation does not require any special conditions for supervisory or management board members.

Other Forms of Diversity

When drawing up proposals for management and supervisory body members, the supervisory board can lay out additional diversity criteria.

5. Information Availability

This policy is to be published on the corporate website of Krka.

The supervisory and management boards, supervisory board human resource committee, nomination committee, and works council are briefed about it at their respective meetings and consider it when selecting or proposing

members to management and supervisory bodies. At Krka, Human Resources and the internal human resource committee are informed about the policy and take it into account when selecting candidates for low or middle posts.

Krka discloses compliance with and results of implementing the diversity policy in annual reports, first time for the business year 2020.

Krka is obliged to disclose whether provisions have been complied with, and explain any deviations in that regard in corporate annual reports.

6. Implementation and Reporting Modes

Monitors stipulated in section 3 are in charge of policy implementation and reporting.

7. Document Updating

Upon body's regular annual self-evaluation, the supervisory board assess the document each year and draw an approval resolution. If necessary, the body adopts a resolution on updating the diversity policy.

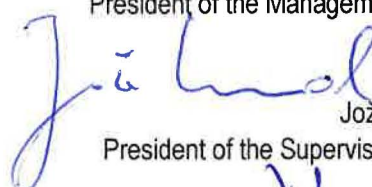
8. Adoption of the Diversity Policy

Diversity policy was adopted by the management board of Krka on 19 October 2020. The works council were informed on the policy and undertook to comply with it at their meeting of 23 November 2020, and the supervisory body on 18 November 2020.

Human Resources of Krka undertake to rationally take into account diversity policy when recruiting to corporate low and middle management.



Jože Colarič
President of the Management Board



Jože Mermal
President of the Supervisory Board



Franc Šašek
President of the Works Council



Dori Silvija Gorenc
Director of Human Resources