

Pursuant to Article 368 of the Company Law ("Official Gazette of the Republic of Serbia", nos. 36/011, 99/011, 83/2014 – other Law, 5/2015, 44/2018 i 95/2018), Article 52 of the Articles of Association of "GALENKA – FITOFARMACIJA" a.d.(hereinafter referred to as: the Company), in accordance with the OECD Principles of Corporate Governance 2004, the Company's Board of Directors in a meeting held on 9 April 2019 passes the following

CODE OF CORPORATE GOVERNANCE OF "GALENKA – FITOFARMACIJA" a.d.

INTRODUCTION

Article 1

With its own Code of Corporate Governance, the Company shall establish the principles of corporate governance practices and organizational culture in line with which the Company's corporate governance holders will act in particular with regard to the openness and transparency of operations of the Company, exercising the shareholders' rights, the framework and modus operandi of the Company's corporate governance holders and control of their of work, social issues and environmental protection.

Article 2

The aim of the Code is to promote good business practices in the domain of corporate governance that ensure an effective system of control over the Company's operations and increase shareholders', investors', and other stakeholders' confidence in the Company, with a view to securing the Company's long-term business development and achieving higher standards in corporate governance.

Article 3

The Code is complementary to the applicable rules set out in primary and subordinate legislation regulating corporate governance, human rights, occupational health and safety, and environmental protection, as well as in the Company's general rules and regulations.

The Company conducts continuous review and harmonization of the provisions of this Code with the amendments in the legislation, as well as with generally accepted principles and best practices.

TRANSPARENCY AND PUBLIC BUSINESS

Article 4

In making the information public and reporting, the Company applies the following principles:

- compliance with applicable legal regulations, by-laws as well as the acts of the Belgrade Stock Exchange governing these issues;
- regular and timely reporting on all information of material importance to the investors' decision-making;
- widely available, fast and simple information, by using the Company's website as an efficient means of communication;
- accuracy, completeness, consistency and documented quality of information;
- equal treatment of all users of information.

Article 5

The disclosure of information should be full and true, and at the same time must not threaten the market and competitive position of the Company.

In determining the information that by their importance for the Company are considered confidential information (trade secrets), the Company is guided by the legal definition of the character of confidential information and the following principles:

- confidential information shall not be such as to cause the wrongful information that investors have on the legal and financial position of the Company;
- in defining certain information as confidential, there has to be an economic justification to deny the information to the public, which shall be explained by presenting the potentially negative business effects that would be caused for the Company as a result of their publication.

Article 6

In order to establish an effective system of monitoring and protecting against misuse of privileged information, the Company adopted the Policy on Handling Insider Information, which includes:

- preparation and regular review of a list of persons covered by the statutory prohibition to use the privileged information (the Company insiders) in accordance with the criteria established by the law;
- commitment of persons who perform the duties of Company managers and persons connected with them (according to criteria from the Capital Market Law) to report to the Securities Commission any acquisition and disposal of shares for one's own account and other financial instruments of the Company and in the manner prescribed by the Policy of the Securities Commission;
- taking efficient measures to prevent access to confidential information to persons who do not need such information to perform their tasks and activities in the Company;
- introduction of necessary measures to ensure that any person who has access to such information meets all regulated obligations and has the awareness of the sanctions foreseen in the case of misuse or unauthorized dissemination of the privileged information;
- introduction of measures that allow momentary public release when the Company is not able to ensure confidentiality of certain information.

Periodic Reports

Article 7

In accordance with the law and other rules, the Company publishes periodic reports with relevant information on the Company's operations in due time and thus makes them available to all interested persons.

Within periodic financial and business reports, the Company particularly provides public access to relevant material information on:

- financial and operating results of the Company;
- objectives and development plans of the Company;
- assessment of potential and predictable material risks;
- primary industry branch and the Company's position within it;
- business activities outside the Company's primary activity;
- ownership structure of the Company;

- significant share of the members of the Board of Directors and the persons performing those duties in the Company in the Company's basic capital.

Dissemination of information

Article 8

For the purpose of rapid, equitable and efficient distribution of information to the public, the Company shall develop and continuously improve its own website, which is structured so that potential users have a clear view of the information and the ability to easily find concrete data.

The Company's website is bilingual (Serbian-English). The Company endeavors to minimize the time delay in the publication of information in English.

Article 9

The Company on its website, in separate segments, shall publish, in particular:

- the Company's general acts;
- business reports, financial reports, audit reports;
- data on members of the Board of Directors;
- reports on important events
- information on management personnel;
- the Company's organisational structure;
- policies related to established systems of management (of quality, laboratory quality, occupational health and safety, environmental protection).

SHAREHOLDERS AND THE COMPANY'S GENERAL MEETING

Article 10

The Company shall guarantee the exercise of status and property rights of shareholders stipulated by the law and general acts of the Company.

The Dividend Policy, published on the Company's website, provides the company's shareholders with an insight into the key principles guiding the Company in making decisions on dividend payment, intended to bring together and align the shareholders', the Company's, the management's, and the employees' interests.

Article 11

The Company guides by the principle of fair and equal treatment of shareholders and undertakes measures and actions to encourage shareholders to participate actively in the work and decision-making of the Company's General Meeting.

In order to encourage shareholders to participate actively in the work and decision-making of the General Meeting, the Company in particular:

- through its general acts regulates the issues in detail relating to the rights of shareholders and makes these acts available to the public on its website;
- provide comprehensive and timely information to shareholders on all matters relevant to their status and rights, on its website, as well as in direct communication through the Secretary of the Company.
- provides a simple procedure for participation in the General Meeting, by publishing the relevant documents on the website.

Article 12

Through the Company's Articles of Association and the Rules of Procedure of the General Meeting, the Company shall precisely regulate the procedures for the convening, the holding and the work of the Shareholders' General Meeting of the Company, providing equal treatment of all shareholders and the exercise of their rights, ensuring that the organization of the meeting is efficient with optimal costs, and that the work of the General Meeting is not jeopardized.

Article 13

Through the appointment of the Secretary, the Company shall provide protection of shareholders' rights through the carrying out of the following activities: organization of General Meeting, keeping contact between the shareholders and the Company outside the General Meeting, assisting shareholders to realize their rights and duties related to the resolution of potential conflicts between the shareholders and the Company.

Article 14

The Company endeavors to create conditions for the participation of all shareholders in the General Meeting's work, so in that sense, it in particular:

- convenes the meetings within the time limits established by the law and in due course, so that the shareholders could have time to see the agenda and prepare for their participation in the meeting, i.e., to have the voting ensured through a proxy or in writing;
- ensures that the materials for the General Meeting published on the website of the Company contain complete information and explanation about the matters on the agenda;
- allows shareholders to become more informed about issues on the agenda by asking questions, including the right to submit proposals relating to the agenda of the General Meeting, as well as the conditions and procedure for responding to those questions/suggestions;
- allows shareholders to vote in absence so that personal voting and voting in absence have the same effect, considering that the adopted mechanism does not impair the efficiency and rationality in the planning and the holding of the General Meeting;

Article 15

With a view of optimization of costs and an efficient organization of the General Meeting, the Company uses the legal possibility of conditioning the participation of individual shareholders in the meeting with a certain number of votes.

The Company undertakes all measures so as to provide participation in the work of the General Meeting of the shareholders referred to in paragraph 1 hereof by voting through a proxy.

THE BOARD OF DIRECTORS

Article 16

The Company's Articles of Association shall regulate the management model, the issues related to the operation of the Company's bodies, their composition and scope of work, closely regulate the manner of appointment and revocation of members of management, the competence and the manner of decision-making of these bodies, as well as other issues of

importance for the management of the Company.

In determining the composition of the Board of Directors, the Company ensures the application of good corporate governance practices, and particularly that non-executive directors make a majority, and that the composition of the Board includes an adequate number of independent directors.

Article 17

The Board of Directors shall be responsible for the implementation of good corporate governance practices of the Company.

The Board of Directors of the Company shall manage the Company's operations independently in a manner that allows the delegated tasks to be executed professionally, efficiently and in the best interest of the Company, respecting an appropriate degree of independence in work and the decision-making.

Article 18

In appointing members of the Board (Directors of the Company), the Company shall ensure that the members make a combination of different professional and practical experiences, which shall reflect a balance of experience, education and personal characteristics of members, including in particular:

- high ethical standards and readiness to actively and impartially participate in the work and the decision-making;
- the experience in managing operations of companies and developed organizational skills;
- the experience in identifying and monitoring the risks, and resolving crisis situations;
- the knowledge of accounting and finance;
- the knowledge of the core business of the Company;
- the knowledge of national and international markets;
- connecting all interests within the Company;
- personal characteristics that contribute to achieving the objectives of the Company;
- the knowledge of good corporate governance practices.

Article 19

When making on decision on the appointment of directors, the Company shall ensure that the shareholders promptly receive sufficient information on the candidates, and in particular:

- biographical information about the candidate, including the data on educational attainment and special expertise;
- information about membership in the organs of other companies;
- information about previous work experience and the jobs that they carry out;
- information about the existence and nature of the candidate's relation with the Company, the Company's related persons, companies of competitive activity and major business partners of the Company.

Article 20

In addition to the competences established by the law and the Articles of Association, the Board of Directors shall ensure the consistent application of good corporate governance practices, particularly:

- the transparency and publicity of the Company's operations;

- realization and protection of shareholders' rights and taking measures and actions to prevent and resolve conflicts between shareholders and the Company, potential conflicts of interest and transactions of related persons.

Article 21

The Company's Board of Directors carries out activities from its scope of work in accordance with clearly defined written rules and procedures that should ensure that meetings of the Board are well-organized and are held regularly with an active participation of all members of the Board.

The Board of Directors regularly reviews the Operating Rules of the Board of Directors, which includes:

- determining of an approximate annual calendar of meetings and the defining of key issues to be addressed by the Board;
- determining the time limits and manner of delivery of materials to members of the Board in a way that leaves enough time for getting familiarized and informed regarding the matters that are subject to decisions and taking appropriate positions;
- determining the criteria for the maintenance of meetings in writing, prescribing the minimum requirements that must be respected in these cases;
- precisely the voting procedures;
- important elements, the manner of creating and the procedure of adopting the minutes from the meeting of the Board;
- other issues of importance to the work of the Board.

Article 22

The rights and obligations of members of the Board are determined by the Law and general acts of the Company. Before taking office of a member of the Board, each director is obliged to become aware of the rights, obligations and responsibilities determined by the law and the general acts of the Company, which the Board member confirms by concluding an agreement with the Company.

Article 23

The Company has adopted a special act –the Policy of remunerations and premiums for members of the Board, which ensures that:

- the adopted methods of remuneration and individual premiums are at a level that is competitive and attractive enough to motivate the engagement of persons who meet the criteria necessary for the Company, at the same time not deviating significantly from the remunerations paid out to board members in companies with the same or similar activities, size and scope of operations,
- the amount of remunerations is adequate for the tasks and the scope of engagement of Board members,
- the amount of remunerations reflects the business opportunities and long-term interests of the Company.

SUPERVISION OF THE WORK OF THE COMPANY

Internal monitoring

Article 24

The Company's Articles of Association and Policy on Internal Audit regulate the issues of the

ways of implementing and organizing the tasks of internal monitoring, compliance of organization and operation of the Company, and evaluation of policies and processes in the Company, the rights and duties and responsibilities of the internal monitoring, and the Audit Committee.

The Company developed a system of internal monitoring, and it is implementing risk management processes in accordance with the adopted management system procedure and the established Risk Management Methodology. The internal monitoring and risk management systems' functioning and the business compliance assessment are the subject of semi-annual assessments by the Audit Committee and reporting to the Board of Directors.

External auditor

Article 25

The Shareholders' General Meeting shall choose the Company's external auditor and shall decide on compensation for the external auditor's work, at the proposal of the Board of Directors and the Audit Committee.

In determining the proposals for the external auditor of the Company, respecting the legal requirements and restrictions, the Audit Committee shall pay special attention to the following issues:

- expertise, qualification, efficiency and business reputation of potential candidates;
- regulation of mutual relations between the Company and external auditors –the content of the agreement concluded between the external auditor and the Company;
- ensuring independence in the work of external auditor.

SOCIAL ISSUES

Article 26

In accordance with good corporate governance practice, the Company is committed to corporate social responsibility, and in that, it defines specific and binding principles that pertain to human rights and health occupational health and safety, publishing relevant information relating to all CSR activities implemented by the Company.

Respecting human rights

Article 27

The Company is committed to promoting human rights in all circumstances in which it recognizes the effect of its activities, which particularly refers to the absolute attention dedicated to stakeholders such as employees, shareholders, business partners, and the broader community.

The Company defines the principles of corporate social responsibility in its internal by-laws in accordance with the standards and good practice in corporate social responsibility.

Article 28

The Company's Collective Agreement sets out work-based rights, duties, and responsibilities; pay and benefits; working hours and overtime; key principles of occupational health and safety; trade union requirements; personal data protection; mutual relationship between the employees and the management; disciplinary measures and other issues related to employee work and the Company's responsibilities as the Employer.

Article 29

The Company's Internal Whistleblowing Policy sets out the internal whistleblowing method and procedure, appointing the Company's authorised person for receiving the information and conducting the procedure, as well as other issues of importance for internal whistleblowing at the Company.

Article 30

The Company's notices on the prohibition of abuse and sexual harassment at work and misuse of the right to protection against such behaviour ensure that every employee is informed about how to recognize the causes, forms, and consequences of abuse before starting with the Company.

One of those notices specify the procedure for protection against abuse and the authorized persons to be contacted in those cases.

Article 31

The Company applies the principle of gender equality and non-discrimination, ensuring that all employees — regardless of their gender identity — have equal conditions in terms of career advancement, pay, and professional development.

Taking into account the nature of the Company's business activity, the Company's policy is to not employ women in its production facilities because of the particular working conditions.

Occupational Health and Safety

Article 32

In order to create conditions for safety at work, the Company upholds the following principles:

- employee safety,
- process safety, and
- location safety.

Accordingly, the Company established a certified occupational health and safety management system in line with the requirements of the OHSAS 18001 standard. This system is based on identifying risks related to health and safety at work, as well as implementing measures to eliminate or reduce risks for employees and other stakeholders that may be exposed to these risks.

Article 33

The Company identified potential threats and harms for each role and used them as basis to assess risks, as detailed in the Risk Assessment Policy. In line with its risk assessment, the Company identified the need for regular health check-ups, as well as the need for using personal protective equipment at work.

Article 34

In line with the adopted Occupational Health and Safety Policy, the top management defines the objectives and programmes for its implementation. The main objectives include:

- zero injuries in the workplace and
- zero work-related illness.

Article 35

In order to prevent work-related illness, the Company, in addition to regular health check-ups, organises also paid recreational leaves intended to prevent work-related disability lasting seven calendar days for all its employees in high-risk positions.

In order to provide additional health protection for all its employees, regardless of their jobs, the Company runs regular annual preventive medical check-ups.

Article 36

Through developing internal communication, the Company established a tagging system as an opportunity for employees to provide suggestions for improvements or raise concerns about

deviations or non-compliance concerning safety, technology, and work processes in their environment.

Article 37

By using the best available technology, adapting processes to people, mentoring new employees, regular training, and raising employee awareness, the Company implements measures to meet its objectives regarding employee safety and health protection.

ENVIRONMENTAL PROTECTION

Article 38

The company established a certified environmental protection management system in line with the requirements of the ISO 14001 standard. This system is based on identifying environmental aspects and defining procedures for controlling potential environmental impacts in order to reduce negative and increase positive effects. The Company further aligned its existing management system with the requirements of the EU EMAS III (Eco-Management and Audit Scheme).

Article 39

The Company is particularly committed to protecting key environmental aspects such as:

- air protection,
- water stewardship,
- waste management,
- packaging waste management,
- protection against chemical accidents,
- resource consumption, and
- energy efficiency.

Through regular monitoring and measurement in partnership with authorised laboratories, the Company monitors the status of wastewater quality and emissions of harmful substances into the air. All measurements are carried out in line with the adopted Monitoring Programme, according to the annual measurement plan.

Article 40

In compliance with the legal regulations on waste management, the Company defines the procedures and implements the measures for classifying waste and proper temporary storage and disposal in cooperation with authorised waste management operators.

In its Waste Management Plan, the Company defined the types of waste generated in the Company's operations, as well as waste generated indirectly by the end-users of the Company's products. In order to respond to the legal requirements, the Company founded Envipack d.o.o. and established a system for collecting packaging waste from end-users.

Article 41

As a Seveso operator, the Company established a safety management system that includes prescribed procedures, actions, and responsibilities in the protection against chemical accidents. The Safety Report and the Accident Protection Plan describe the system, presenting possible accident scenarios, prevention measures, and accident response measures.

Article 42

Through delivering the defined objectives and projects in environmental protection, the Company takes particular care to save resources and achieve results in energy efficiency.

Article 43

In order to control and reduce the risk of potential negative impact on the environment, the Company monitors environmental performance indicators, manages changes, performs site situation analyses, and conducts regular employee training. The achieved results are presented in the annual Environmental Performance Report.

FINAL PROVISIONS

Article 44

The Board of Directors adopts this Code of Corporate Governance as its own Code, takes care of its compliance with the law and the general acts of the Company as well as of the implementation and application of this Code.

The Board of Directors shall publish the adopted Code shall and make it available at the website of the Company.

Article 45

The Board of Directors shall, within the annual operating report, which shall be submitted to the General Meeting for adoption, make a Statement on the implementation of the Code of Corporate Governance, with an analysis of compliance of business practices of the Company with the provisions of the adopted Code.

Article 46

Once this Code enters into force, the Company shall cease to apply the Code of Corporate Governance No 341 dated 23 May 2012. This Code enters into force and becomes applicable starting from 9 April 2019.