

Pursuant to Article 12 para. 4, 5 and 6 related to Article 392 para. 1 of the Law on companies ("Official Gazette of RS", no. 36/2011, 99/2011, 83/2014, 5/2015, 44/2018, 95/2018 and 91/2019), Article 20 of the Articles of Association of "GALENKA-FITOFARMACIJA" a.d. (hereinafter referred to as: the Company) and Decision on amendments and modifications of the Articles of Association of the Company, which was adopted by Shareholders Assembly on its session held on July 24<sup>th</sup>,2020, the General manager of the Company on July 24<sup>th</sup>,2020, made the following

## **ARTICLES OF ASSOCIATION OF "GALENKA – FITOFARMACIJA" a.d. (Consolidated text)**

### **INTRODUCTORY PROVISIONS**

#### **Article 1.**

Joint-stock company "GALENKA – FITOFARMACIJA" for production of chemicals for agriculture, Belgrade-Zemun, Batajnički drum bb (hereinafter referred to as *Company*), was established by an act – Decision on organising of a socially-owned company in a joint-stock company dated 21.09.1999, entered in the Register of the Commercial court in Belgrade in the registry folio no. 1-17806-00, transferred to the Business Registers Agency in Belgrade under number BD 307/2005. Registry number of the Company is 07725531.

The Company has completed the alignment of its business operations with the Law on companies by passing the Decision on changes and amendments to the Memorandum of Association of "GALENKA – FITOFARMACIJA" a.d. with the purpose of alignment with provisions from the Law on companies (hereinafter referred to as *Memorandum of Association*).

The Articles of Association regulates management and business operations of the Company.

#### **Article 2.**

The Articles of Association of the Company contain:

- 1) business name and seat of the Company;
- 2) prevailing activity of the Company;
- 3) data about the amount of subscribed and paid-up share capital;
- 4) important elements of issued shares of all types and classes in line with the law regulating the capital market;
- 5) types and classes of shares and other securities which the Company is authorised to issue;
- 6) procedure of scheduling the Assembly;
- 7) determining the bodies of the Company and their scope of activities, number of their members, more defined method of nomination and replacement of the members, and decision making methods of those bodies;
- 8) other issues relevant to the organisation and business operations of the Company.

### **BUSINESS NAME AND SEAT**

#### **Article 3.**

The Company is operating under the following business name:

"Akcionarsko društvo GALENIKA - FITOFARMACIJA za proizvodnju hemikalija za poljoprivredu, Beograd – Zemun". ("Joint-stock company GALENIKA – FITOFARMACIJA for production of chemicals for agriculture, Belgrade-Zemun.")

Abbreviated business name of the Company is: "GALENIKA – FITOFARMACIJA" a.d. Beograd – Zemun.

Decision about the change of the business name of the Company is passed by the Shareholders Assembly.

#### **Article 4.**

Seat of the Company is in Belgrade-Zemun, Batajnički drum bb.

Decision on the change of seat of the Company is passed by the Board of directors of the Company.

### **TRADEMARK**

#### **Article 5.**

The Company has its trademark (logotype).

The sign referred to in paragraph 1. consists of a drawing – blue circle in the centre of which there is a white retort with a stylised green leaf inside, with symmetrical white veins, in line with the Manual of graphic standards of the Company.

### **PREVAILING ACTIVITY OF THE COMPANY**

#### **Article 6.**

The Company is conducting the following prevailing activity:

2020 Production of pesticides and chemicals for agriculture.

The Company may conduct all other activities not prohibited by law regardless of whether they have been defined in the Memorandum of Association i.e. Articles of Association.

### **FORM OF THE COMPANY AND LIABILITY**

#### **Article 7.**

The Company is operating as a joint-stock company.

In legal transactions towards third parties, the Company is liable for assumed obligations with its entire property.

### **SHARE CAPITAL OF THE COMPANY**

#### **Article 8.**

Share capital of the Company is subscribed and paid-up capital in the amount of 3.511.200.000,00 dinars (in words: three billion five hundred eleven million two hundred thousand dinars).

Share capital of the Company may be increased and decreased by a decision of the Company Assembly in circumstances and in a manner prescribed by the Law.

### **TYPES AND CLASSES OF SHARES**

#### **Article 9.**

Share capital of the Company is divided in 2.640.000 shares, each with a nominal value of 1.330,00 dinars per share.

Shares of the Company are ordinary, made out to respective names and transferrable without limitations in line with the law.

Shares of the Company are fully paid-up and have the necessary important elements:

- issuer “GALENKA – FITOFARMACIJA” a.d., registry no. 07725531, Tax ID no. 10001046;
- ISIN no. RSFITOE21521;
- CFI code ESVUFR;
- Date of entry into the Central registry: July 24<sup>th</sup> 2015.

The Company may issue ordinary and preferential shares, in line with the legal provisions and decision of the Assembly whereby the procedure of issuing, types and classes of issuing shares are closely defined.

Apart from the issued shares, the Company may have the approved shares as ordinary or preferential, the number of which may not exceed the amount of 50% of the number of issued ordinary shares on the date the decision of the Assembly was passed.

The Company may acquire its own shares in line with the law.

## ***RIGHTS OF THE SHAREHOLDERS***

### **Article 10.**

A shareholder is a person who, in relation towards the joint-stock company and third persons, is entered as a lawful holder of shares recorded in the Central registry, and the date of recording in the Central registry is the date the share was acquired.

The shareholders have status and proprietary rights in line with the Law and the Articles of Association of the Company.

All shareholders are treated equally under the same circumstances.

### **Article 11.**

Ordinary share is a share providing its holder with:

- 1) the right of participation and voting at the Assembly, so that one share always grants the right to one vote;
- 2) right to payment of the dividend;
- 3) right to take part in distribution of the liquidation remains or the bankruptcy estate in line with the law regulating bankruptcy matters;
- 4) pre-emptive right for acquiring ordinary shares and other financial instruments exchangeable for ordinary shares, from new emissions;
- 5) other rights in line with the law.

## ***DISTRIBUTION OF PROFIT***

### **Article 12.**

Once the financial statements for the business year have been adopted, the profit from that year is distributed in the following order:

- 1) for coverage of losses transferred from previous years;
- 2) for reserves, if they are prescribed by a special law (statutory reserves).

If, after distribution of profit for purposes referred to in paragraph 1. of this Article, a portion of profit remains, the Assembly may distribute it for the following purposes:

- 1) for reserves defined by the Articles of Association (statutory reserves);
- 2) for the dividend;
- 3) for the share in profit of the Company employees;
- 4) for increase of the share capital and other purposes.

In a decision of the Assembly conditions for acquiring the rights of employees to share in profit is more closely defines as well as the criteria and method of calculation.

## ***Mandatory reserves***

### **Article 13.**

The Company has a mandatory reserve.

Each year 5% of the net profit is put aside for the mandatory reserve until the reserve reaches at least 10% of the value of the share capital.

The Company may form special reserves as well, in line with the decision by the Assembly.

Use of the special reserves is done based on a decision by the Assembly.

## ***Dividends***

### **Article 14.**

Payment of dividend to shareholders may be approved in a decision on distribution of profit adopted at the regular session of the Assembly.

Dividend on shares is paid to the shareholders in line with the rights arising from the type and class of shares they possess on the date of the dividend, and in proportion to the number of shares they own in the total number of shares of that class.

Dividends may be paid in money or in shares of the Company, in line with the Dividend policy if passed and with decision of the Assembly and the law.

The Company may pay temporary dividend (intermediary dividend), at any time between the regular sessions of the Assembly in line with the law and decision by the Assembly.

## ***Date of the dividend***

### **Article 15.**

Date of the dividend is the date on which the list of the shareholders who have the right to a dividend is determined, i.e. the right to payment based on reduction of capital or based on liquidation remains.

Date of the dividend is the date on which the Assembly session is held.

## ***ORGANISATION OF COMPANY MANAGEMENT***

### **Article 16.**

The Company is organised as a company with unicameral management organisation and has a Board of directors.

Change of the type of management organisation is done by means of a change in the Articles of Association.

### **Article 17.**

The Company management bodies include:

- 1) Shareholders Assembly of the Company,
- 2) Board of directors of the Company.

### **Article 18.**

The Assembly of the Company is made up of all shareholder of the Company.

A shareholder is entitled to take part in the work of the Assembly which involves:

- 1) the right to vote on issues on which his/her class of shares is voting;

- 2) the right to participate in a discussion on issues in the agenda of the Assembly, including the right to file motions, ask questions related to the agenda of the Assembly and obtaining answers, in line with these Articles of Association and Rules of procedure of the Assembly.

Minimum number of shares which a shareholder may own in order to gain the condition for personal participation in the work of the Company Assembly is the number representing 0,1% of the total number of shares of the appropriate class.

The shareholders who individually do not hold the number of shares prescribed in line with the previous paragraph are entitled to take part in the work of the Assembly through a joint attorney or to vote in absence in line with these Articles of Association, Rules of procedure of the Assembly and the law.

### ***Date of the shareholders***

#### **Article 19.**

Date of the shareholders is the date on which the list of shareholders who are entitled to participate in the work of the Assembly sessions is defined and falls on the tenth day prior to the date of the respective session.

List of the shareholders referred to in paragraph 1. of this Article is defined by the Company based on extract from the unified records of shareholders from the Central registry.

### ***Authorisations of the Shareholders Assembly***

#### **Article 20.**

The Shareholders Assembly takes decisions on:

- 1) changes in the Articles of Association;
- 2) increase or reduction of the share capital, as well as each issuing of securities;
- 3) number of approved shares;
- 4) changes to the rights or privileges of any class of shares;
- 5) status changes and changes of legal form;
- 6) acquiring of and disposal with property of great value;
- 7) adoption of reports from the Board of directors;
- 8) adoption of financial statements as well as reports from auditors;
- 9) distribution of profit and loss coverage, policy of dividend;
- 10) appointment and replacement of managers;
- 11) fees and stimulations for managers, i.e. rules for determination of the same (Policy of fees and stimulations), including the fee paid in shares and other securities;
- 12) selection of auditors and compensation for their work;
- 13) initiating the liquidation proceedings, i.e. submission of a motion for bankruptcy of the Company;
- 14) other issues in line with the law, Articles of Association and Rules of procedure of the Assembly which are on the agenda of the Assembly session.

### ***Rules of procedure of the Assembly***

#### **Article 21.**

The Assembly has its Rules of procedure, which are adopted at the first session by simple majority of shareholders present.

Rules of procedure of the Assembly define more closely the methods of work and decision making of the Assembly in line with these Articles of Association and the law.

## ***Scheduling the Assembly***

### **Article 22.**

The Shareholders assembly is scheduled by the Board of directors, in its decision whereby it is determined whether the session is regular or extraordinary; the date, time and venue of the session; agenda and other information important to organisation of the session, in line with the law.

An extraordinary session of the Assembly may be scheduled by shareholders with at least 5% of share in the share capital of the Company, in line with the law.

## ***Invitation and material for sessions***

### **Article 23.**

Invitation to an Assembly session is published on the internet pages: of the Company; the Company register; regulated markets on which the shares of the Company are included.

Materials for an Assembly session are published and made available for download on the internet page of the Company, together with the invitation to the session.

## ***Agenda***

### **Article 24.**

The agenda is defined in a decision on scheduling of an Assembly session and may later be modified upon a proposal of shareholders, under the conditions and according to the terms defined by the Law.

The Assembly may decide and discuss on the agenda items only.

## ***Voting in absence***

### **Article 25.**

Shareholders entitled to participate at an Assembly session may vote in writing and without attending the session, by personally signing the prescribed voting form.

A shareholder is not obliged to certify his/her signature before a competent body.

A shareholder who voted in absence is considered present at a session when deciding on issues of the agenda for which he/she voted.

## ***Voting authorisation***

### **Article 26.**

A shareholder is entitled to issue a power of attorney for someone to participate in the work of the Assembly on his/her behalf, and vote on his/her behalf (hereinafter referred to: authority to vote).

Authority to vote is given in writing so that it makes it possible to give instructions to the attorney for voting on each item of the agenda, on a form which is made available by the Company on its internet page.

Authority to vote given by a natural entity must be certified in line with the law regulating certification of signatures.

Authority to vote may be given by electronic means provided that contains a qualified electronic signature that ensures the authenticity of the statement, in accordance with the law governing electronic signatures.

Authority for electronic voting is given on the form that the Company makes available on its website.

Rules of procedure of the Assembly define more closely the content of the form, the procedure for issuing powers of attorney, manner of notifying the Company about the given power of attorney and other relevant issues.

## ***President of the Assembly***

### **Article 27.**

The session is presided by the president of the Assembly who is elected by the Assembly at the start of each session by a simple majority of the present shareholders, upon a proposal from the Board of directors.

The president is obliged to run and organise the Assembly sessions in line with the Rules of procedure of the Assembly.

## ***Attending sessions***

### **Article 28.**

With the purpose of efficient organisation of sessions, the shareholders i.e. their attorneys, must notify the Assembly of their attendance no later than three working days prior to the date scheduled for the session.

Rules of procedure of the Assembly define more closely the manner of applying for and identification of persons attending the session and taking part in its work.

## ***Quorum***

### **Article 29.**

Quorum for the Assembly session is made up of a simple majority of the total number of votes of the class of shares with voting right on the subject issue.

Votes of shareholders who voted in absence are counted too.

Quorum at the Assembly session is determined prior to the start of the Assembly activities.

The Assembly may decide on the subject issue only if the Assembly session is attended in person or through representatives by shareholders who own or represent the necessary number of votes of the class of shares with voting rights regarding that issue.

If an Assembly session is delayed due to a lack of quorum, it may be re-scheduled and held in a manner and terms defined by the law (re-scheduled Assembly session).

## ***Deciding majority***

### **Article 30.**

The Assembly shall pass its decisions by a simple majority of votes of the present shareholders who have the right to vote on certain issues, apart from cases prescribed by these Articles of Association when a qualified majority is necessary.

When determining the number of votes of shareholders present for the needs of determining the voting majority, the votes of shareholders who have voted in writing are counted.

### **Article 31.**

Qualified majority is necessary for the following decisions:

- 1) decision on the change of the Articles of Association, apart from cases of changes to the Articles of Association with the purpose of alignment of changes in the data about the amount of the share capital and important elements of actions completed in the previous year, which are registered in line with the law;
- 2) decision on the Policy of fees and stimulations, Policy of dividend;
- 3) decision on status changes and changes of legal form;
- 4) decision on acquiring of and disposal with property of great value;

- 5) decision on disposal with reserves of the Company which are above 30% of the amount of the share capital;
- 6) decision on replacement of a manager prior to expiry of their mandate;
- 7) decision on initiation of the liquidation procedure, i.e. on submission of motions for bankruptcy of the Company;
- 8) decision on termination of the Company;
- 9) in other cases prescribed by the law.

The qualified majority consists of a half plus one voice of the total number of shareholders with voting right.

### ***Voting***

#### **Article 32.**

As a rule, voting at the Assembly is public.

Work of the Voting committee and other issues related to the manner of voting are regulated in the Rules of procedure of the Company Assembly.

### ***Exclusion of the voting right***

#### **Article 33.**

A shareholder may not vote in the Shareholder Assembly when decisions are being passed on:

- 1) his/her release from duty or decreasing his/her obligations towards the Company
- 2) initiating or renouncing a dispute against him/her
- 3) approval of activities where there is a conflict of interest between a shareholder and the Company in line with the Law.

### ***Course of the session***

#### **Article 34.**

The procedure for running the session, keeping order at it, taking minutes, content of the minutes, method of recording the voting results and other issues relevant to work and decision making of the Assembly are regulated in the Rules of procedure of the Assembly.

## ***BOARD OF DIRECTORS***

### ***Conditions and limitations for execution of managerial duties***

#### **Article 35.**

A manager can be any working capable person with relevant professional experience.

The manager cannot be a person:

- 1) who is a manager or a member of the supervisory board in more than five companies;
- 2) who has been convicted of a criminal act against the economy, over a period of five years, counting from the day of final judgement, but during that period does not count the time spent serving the prison sentence;
- 3) who has been issued a security measure, prohibiting the performing of an activity that represents the predominant activity of the company for the duration of that prohibition.



### ***Number of managers***

#### **Article 36.**

The Company has five managers, which make up the Board of Directors of the Company.

Three members of the Board of Directors are non-executive, one of which is independent from the Company (independent manager).

Two members of the Board of Directors are executive managers, one of which is the General Manager of the Company.

### ***Appointment of managers***

#### **Article 37.**

Managers are appointed by the Assembly.

Proposal for a candidate for manager may be submitted by:

- 1) Board of directors;
- 2) Appointment committee, if established;
- 3) shareholders who have the right to propose the agenda of the Assembly session.

### ***Managers' mandates***

#### **Article 38.**

Managers are appointed for a period of four years (manager's mandate), unless a shorter mandate is stated in a decision on appointment passed by the Assembly.

Upon expiry of the mandate, a manager may be re-appointed.

### ***Managers' co-optation***

#### **Article 39.**

In case the number of managers is reduced below the number prescribed by these Articles of Association, the remaining managers may appoint a person, i.e. persons to perform the managerial duties until the remaining managers are appointed by the Assembly (co-optation).

Number of persons appointed in line with paragraph 1. of this Article may not be greater than two.

With an exception from paragraph 1. of this Article, if the number of appointed managers goes below the half of the number of managers prescribed by the Articles of Association, or if it is not sufficient for decision making, the remaining managers are obliged, no later than eight days, to schedule the Assembly in order to appoint the missing managers.

The mandate of the manager appointed by co-optation shall cease at the first upcoming session of the Assembly and the same person may not be hired under the terms more favourable compared to the terms which the manager in whose place he/she was hired has had.

### ***Non-executive managers***

#### **Article 40.**

A non-executive manager may not be a person employed at the Company.

Non-executive managers supervise the work of the executive managers, propose business strategy of the Company and oversee its execution.

Non-executive managers make decisions on granting approvals in cases where there are personal interests of a manager of the Company in line with the law.

## ***Independent managers***

### **Article 41.**

The Company has at least one non-executive manager who is at the same time independent from the Company (independent manager).

Independent manager is a person who fulfils the conditions prescribed by the law.

If the person referred to in paragraph 1. of this Article does not fulfil the conditions to be a manager of the Company, it shall be considered that the mandate of the manager has ceased on the date when those conditions ceased to be fulfilled.

## ***Executive managers***

### **Article 42.**

Executive managers are running the business operations of the Company.

In running the business operations of the Company, the executive managers must follow the limitations prescribed by the law, the Articles of Association, decisions of the Assembly or decisions of the Board of directors.

In a separate contract with each executive manager, the Company regulates the scope of his/her work, activities, authorisations, work related authorities, rights and liabilities and other issues related to the work of an executive manager.

## ***Termination of mandate***

### **Article 43.**

Mandate of a manager shall expire upon expiry of the term for which he/she has been appointed.

If during the mandate a manager stops to fulfil the conditions of being a manager of the Company, it shall be deemed that his/her mandate has expired on the date those conditions ceased to be fulfilled.

Mandate of a manager shall cease if the Assembly does not adopt the annual financial reports of the Company in a term prescribed for a regular Assembly session.

Appointment of a manager upon termination of the mandate shall be done at the first upcoming Assembly session until which time the manager whose mandate has expired shall continue to perform his/her activities in case his/her position was not filled by co-optation.

## ***Replacement of a manager***

### **Article 44.**

The Assembly may replace a manager prior to expiry of the mandate he/she was appointed for, without stating a reason.

This decision shall be passed with a qualified majority.

## ***Resignation of a manager***

### **Article 45.**

A manager may resign at any time with a notice in writing to the other managers.

The resignation shall produce the legal effect towards the Company on the date of passing, unless a later date is mentioned therein.

Resignation of a manager is registered in line with the law on registration.

## ***Work compensation and stimulation for managers***

### **Article 46.**

Managers are entitled to a compensation for their work and may also be entitled to a stimulation which may also be determined in the Company shares.

The method for defining compensations and stimulations for managers as well as the method of their payment is more closely defined in the Policy of compensations and stimulations passed by the Company Assembly.

In a separate contract with each member of the Board of directors the Company shall regulate the rights, obligations as well as the amount of the work compensation in line with the Policy of compensations and stimulations of the Company.

## ***Authority and responsibility of the Board of directors***

### **Article 47.**

Board of directors:

- 1) defines the business strategy and business goals of the Company;
- 2) runs the business operations of the Company and defines the internal organisation of the Company;
- 3) conducts internal supervision of business operations of the Company;
- 4) establishes the accounting policies of the Company and the risk management policies;
- 5) is responsible for the accuracy of business records of the Company;
- 6) is responsible for the accuracy of financial statements of the Company;
- 7) grants and recalls proxies;
- 8) schedules the Assembly sessions and defines the proposal of the agenda with proposals of the decisions;
- 9) issues the approved shares, if authorised to do so by a decision of the Assembly;
- 10) passes decisions on acquiring own shares in line with the law and decision of the Assembly;
- 11) calculates the amounts of dividends which, in line with the law, Articles of Association and decision of the Assembly, belong to certain classes of shareholders, defines the date and procedure for their payment, and determines the manner of their payment within the authorities granted to it by a decision of the Assembly;
- 12) proposes to the Assembly the Policy of compensation and stimulations for managers and proposes employment contracts, i.e. contracts on appointment of managers on different bases;
- 13) adopts general acts of the Company, which are not under the authority of the executive managers;
- 14) implements decisions of the Assembly;
- 15) conducts other acts and passes decisions in line with the law, Articles of Association and decisions of the Assembly.

## ***Chairman of the Board of directors***

### **Article 48.**

Managers elect one of the non-executive managers to be the Chairman of the Board of directors and one for the Deputy Chairman of the Board.

Chairman of the Board of directors shall convene and preside over the Board sessions, propose the agenda and is responsible for keeping the minutes from the Board sessions.

Board of directors may dismiss and appoint a new chairman of the Board at any time, without stating the reason.

In case the chairman of the Board is absent, any manager may convene a session and with the majority of votes of the managers present one of them shall be elected chairman at the beginning of the session; that manager must be a non-executive one.

Chairman of the Board shall represent the Company in its relations with the executive managers in a manner prescribed by a decision of the Assembly or by an unanimous decision of the non-executive managers.

Chairman of the Board of directors shall be registered in accordance with the Registration Law.

In case the chairman of the Board is prevented, the deputy chairman of the board of directors is authorised to assume the rights, obligations and responsibilities of the chairman of the Board.

### ***Sessions of the Board of directors***

#### **Article 49.**

Board of directors shall hold at least four regular sessions a year.

If the chairman of the Board of directors fails to schedule a session of the Board upon a written request of any manager so that the session is not held within 30 days from the date the request was filed, the session may also be scheduled by that manager, stating the reasons thereof and proposal of the agenda.

### ***Method of work of the Board of directors***

#### **Article 50.**

Board of directors shall, at its first session, adopt Rules of procedure about its business operations which must be in line with the law and the Articles of Association (Rules of procedure of the Board of directors).

The Rules of procedure of the Board of directors shall regulate scheduling sessions, quorum for its sessions and manner of holding sessions, presence of other persons, decision making, keeping and contents of the minutes from sessions and other issues relevant to working and decision making of the Board of directors.

### ***Liability of a manager***

#### **Article 51.**

A manager is liable to the Company for damage caused by breach of legal provisions, Articles of Association or decisions of the Assembly.

In exceptional cases, a manager shall not be liable for damages if he/she acted in line with a decision of the Assembly.

If the damage referred to in paragraph 1. of this Article occurs as a consequence of the decision of the Board of directors, all managers who have voted for that decision shall be held liable.

In case referred to in paragraph 3. of this Article, a manager who renounced the option to vote, shall be deemed as having voted for that decision regarding the existence of liability for damage.

In case referred to in paragraph 3. of this Article, a manager not present at a session of the Board of directors where the decision was passed, or who has not voted for it in any other way, shall be deemed as having voted for that decision regarding the existence of liability for damage if he/she has not declared his/her disagreement with that decision in writing and within eight days after obtaining knowledge about its adoption.

## **Corporate management code**

### **Article 52.**

Board of directors is obliged to adopt the Corporate management code and make it available on the internet page of the Company.

The Code referred to in paragraph 1 of this Article may be a Code compiled and recommended by a renowned business organisation or may be a Company's own Code, passed by the Board of directors.

Board of directors is obliged, within the annual business report, which is submitted to the Assembly for adoption, to also prepare a Statement on the application of the Corporate management code, with an analysis of alignment of the business practice of the Company with the provisions of the adopted Code.

## **General manager**

### **Article 53.**

Board of directors shall appoint one of the executive managers as a general manager of the Company.

Board of directors shall appoint a general manager of the Company to coordinate the activities of the executive directors and organise business operations of the Company.

### **Article 54.**

General manager of the Company is a legal (statutory) representative of the Company.

When signing documents on behalf of the Company, he/she is obliged to state his/her function at the Company next to the signature.

General manager is authorised to represent the Company and conclude business transactions for and on behalf of the Company, with no limitations.

General manager may, within the scope of his/her authorisations, provide a written power of attorney for another person in order to execute certain types of contracts and undertake certain legal matters, i.e. to conclude certain contracts and undertake individual legal transactions.

### **Article 55.**

Authorization and jurisdiction of the General Manager of the Company:

- 1) representing the Company, without restriction;
- 2) organising business operations of the Company, coordinating the work of executive managers and other members of the management;
- 3) leading the preparation of financial and business reports established by the Board of directors;
- 4) concluding the Collective agreement and passing general acts of the Company which are of the labour legal nature;
- 5) adopting decisions on individual rights and obligations of the Company employees;
- 6) proposing general and individual acts from the jurisdiction of the Board of Directors;
- 7) making decisions on material expenses within the adopted annual financial plan and investment plan;
- 8) making decisions on investments the value of which does not exceed 20% of the value of total capital;
- 9) making decisions on the extent of the Company's indebtedness and taking short-term loans if the extend of the Company's debt does not exceed 20% of the value of the total capital of the Company;

- 10) implementing decisions of the Board of directors and the General Meeting of Shareholders;
- 11) Conducting other activities in accordance with the special laws and Company's Regulations.

### ***Reports of executive managers***

#### **Article 56.**

Executive managers are obliged to report in writing on every session of the Board of directors about:

- 1) business operations, income and financial position of the Company for the previous period;
- 2) current business events and operational plans which are significant to business operations of the Company;
- 3) other issues which are in the session agenda and for which the reports are required to be prepared.

Executive managers are obliged to submit other reports related to their work, at the request of the Board of directors, at any time between the regular sessions of the Board, in a manner and according to a procedure prescribed by the Rules of procedure of the Board of directors.

### ***Committees of the Board of directors***

#### **Article 57.**

The Board of directors may form committees which assist it in its work, especially for preparation of decision it is passing, i.e. supervision over the implementation of its own decisions or with the purpose of undertaking certain expert activities for the needs of the Board of directors.

Committee members may be managers and other natural persons possessing certain knowledge and work experience relevant to the work of the committee.

The committees may not decide on issues falling under the authority of the Board of directors.

The Board committees shall have at least three members, at least one of whom shall be an independent manager.

#### **Article 58.**

Board of directors of the Company is obliged to form an Auditing committee.

Apart from the committee referred to in paragraph 1. of this Article, the Board of directors may also form:

- 1) the appointment committee;
- 2) the compensation committee;
- 3) other committees in line with the needs of the Company.

If the Company does not have the committees referred to in paragraph 2. of this Article formed, the Board of directors shall undertake the activities falling under the competence of these committees.

### ***Working methods of the Board of directors committees***

#### **Article 59.**

The Board of directors committees shall pass their decisions by a majority of votes of the total number of members.

In case of an equal distribution of the votes, the vote of the president of the committee shall be the deciding one.

Only members of the committees may attend the committee sessions as well as experts who have been unanimously invited by the committee members to attend certain sessions in case their presence is necessary when discussing certain items of the agenda.

### ***Auditing committee***

#### **Article 60.**

The Auditing committee has three members, at least two of whom shall be non-executive managers of the Company.

President of the Committee is an independent manager of the Company.

At least one member of the Auditing committee is a person who is a certified auditor in line with the law regulating accounting and auditing issues or possessing appropriate knowledge and work experience in the area of finance and accounting and who is independent of the Company.

Under the appropriate knowledge and work experience in the area of finance and accounting it is understood that the person shall have university education and work experience as follows:

- 1) in internal auditing or auditing of financial statements in duration of two years or
- 2) in accounting in duration of three years.

If none of the non-executive managers of the Company do not fulfil the conditions referred to in paragraph 3 of this Article, member of the Auditing committee who fulfils the conditions referred to in that paragraph is chosen by the Assembly.

#### **Article 61.**

The Auditing committee:

- 1) prepares, proposes and checks if the accounting policies and risk management policies are being implemented;
- 2) gives the proposal to the Board of directors for appointment and replacement of persons in charge of the internal supervision functions in the Company;
- 3) conducts monitoring of the work of the internal supervision at the Company;
- 4) tests the application of accounting standards in preparation of financial statements and evaluates the content of financial statements;
- 5) checks the fulfilment of conditions for preparation of consolidated financial statements of the Company;
- 6) implements the procedure of selection of the Company auditor and proposes the candidate for the Company auditor with an opinion on his/her expertise and independence as regards the Company;
- 7) provides opinions on a draft proposal of the contract with the Company auditor, and if need be, gives an elaborated proposal for termination of the contract with the Company auditor;
- 8) conducts supervision of the auditing process, including determination of key issues which should be the subject of the audit and checks independence and objectivity of the auditor;
- 9) conducts other activities in the field of auditing entrusted to it by the Board of directors.

The Auditing committee compiles and submits to the Board of directors the reports on matters referred to in paragraph 1. of this Article at least once a year, unless it is not prescribed to have all or certain reports compiled and submitted in shorter time intervals in a decision of the Board of directors.

### ***Secretary of the Company***

#### **Article 62.**

The Company has a Secretary, employed at the Company.

The Secretary of the Company shall be appointed by the Board of directors which shall also define his/her salary i.e. work compensation and other rights.

#### **Article 63.**

Mandate of the Secretary lasts for four years unless it is stated otherwise in the decision on appointment.

Provisions in the Articles of Association related to the termination of the manager's mandate shall be applied accordingly to the consequences of termination of the mandate of the Company secretary.

#### **Article 64.**

Secretary of the Company is responsible for:

- 1) preparation of the Assembly sessions and keeping minutes thereof;
- 2) maintenance of all material, minutes and decisions of the Assembly sessions;
- 3) communication of the Company with the shareholders and enabling access to acts and documents in line with the law and the Articles of Association;
- 4) reporting the public on important issues, in line with the legal obligations of public joint-stock companies.

Secretary of the Company may have other duties and responsibilities in line with his/her decision on appointment.

### ***Internal supervision***

#### **Article 65.**

Internal supervision of the Company operations is conducted by a person employed at the Company, who fulfils the conditions for internal auditor in line with the law regulating accounting and auditing issues.

The person referred to in paragraph 1 of this Article is appointed by the Board of directors at a proposal from the Auditing committee.

The person referred to in paragraph 1 of this Article may not be a manager.

#### **Article 66.**

Internal supervision activities especially include:

- 1) control of harmonisation of the business operations of the Company with the laws, other regulations, internal acts and policies of the Company;
- 2) control of implementation of accounting and financial reporting policies;
- 3) monitoring of alignment between the organisation and acts of the Company with the Corporate management code;
- 4) valuation of policies and processes at the Company as well as proposals on their improvement.

Person conducting the internal supervision activities has the right of access to all documents and information which the Board of directors has deemed to be necessary for conducting internal supervision activities.

#### **Article 67.**

The person conducting internal supervision activities is obliged to, at least once a year, submit for approval to the Board of directors a detailed plan of activities from its scope of competence, which has been previously approved by the Auditing committee and which especially contains the execution deadlines and necessary resources including the engagement of experts for certain areas relevant to the Company business operations.



Management of the Company must obtain on time the resources necessary for the internal supervision activities in line with the adopted plans referred to in paragraph 1 of this Article.

The person referred to in paragraph 1 of this Article is obliged to report regularly to the Auditing committee about its work.

### ***External supervision***

#### **Article 68.**

Annual financial statements of the Company are a mandatory subject of auditing.

The Company auditor is chosen by the Shareholders Assembly which shall also define his/her work compensation.

#### **Article 69.**

The Company auditor is obliged, prior to concluding the contract on auditing, and subsequently at least once a year during the term of that contract, to submit to the Auditing committee:

- 1) a written statement determining his/her independence from the Company;
- 2) information about all the services provided in the previous period to the Company, apart from auditing of the financial statements.

The Company auditor is obliged to notify the Auditing committee of the Company about all the circumstances which might influence his/her independence with regards to the Company and measures undertaken to remove those circumstances.

### ***Obligation of keeping acts and documents of the Company***

#### **Article 70.**

The Company is obliged to permanently keep:

- 1) its Memorandum of Association;
- 2) decision on registration of establishment of the Company;
- 3) Articles of Association and all their changes and amendments;
- 4) general acts of the Company;
- 5) minutes from the Assembly sessions and decisions of the Assembly;
- 6) minutes from the meetings of the Board of directors;
- 7) annual business reports of the Company and consolidated annual reports;
- 8) contracts which the managers or persons legally related to them have concluded with the Company.

For at least five years, after which time they shall be kept in line with the regulations on archive files, the Company is obliged to keep the following documents:

- 1) act on establishment of each subsidiary or other organisation section of the Company;
- 2) documents proving the property and other titles of the Company;
- 3) reports of the Board of directors;
- 4) records about addresses of the managers;

The Company shall keep the documents and acts referred to in this Article in its seat or another location known and accessible to all managers.

### ***Right to being informed and access to acts and documents of the Company***

#### **Article 71.**

A shareholder of the Company may request in writing from the Company to have access to acts or documents of the Company, to peruse or copy at his/her own cost, only those acts and documents

prescribed by the law, for which the Company has not enabled free access and the possibility of download from its internet page.

The written request referred to in paragraph 1. must contain:

- 1) personal data of the shareholder and data identifying him/her as a member of the Company;
- 2) documents, acts and data requested for perusal;
- 3) purpose for which the perusal is requested;
- 4) data on third persons whom the member of the Company requesting perusal intends to disclose the document, act or data to, of there is an intention of that sort.

The Company may withhold access to all or some of the requested acts or documents due to reasons prescribed by the law.

The persons obtaining the acts and documents of the Company in line with this Article may not publish them in a manner which might cause damage to the Company or its reputation.

### ***Business secret***

#### **Article 72.**

Business secret include data the declaration of which might cause damage to the Company, as well as the data which have or might have economic value because of not being generally known, or easily accessible to third parties which might obtain economic benefit by using or disclosing it and which are protected by the Company with appropriate measures so as to preserve their secrecy.

Business secret is also an information which is defined as such by the law, other regulation or act of the Company.

Persons who have special duties towards the Company, as well as persons employed at the Company, are obliged to keep business secrets of the Company.

Persons referred to in paragraph 3. of this Article are obliged to keep a business secret both after it stops being a secret, in the period of five years after the termination of secrecy.

### ***Prevention of competition***

#### **Article 73.**

Persons having special duties towards the Company as well as employees of the Company may not, without an obtained legal approval do the following:

- 1) have the capacity of a Person having special duties in another company with the same or similar subject of business operations (hereinafter referred to as: competing company);
- 2) be an entrepreneur with the same or similar subject of business operations;
- 3) be employed at a competing company;
- 4) be in any other way engaged at the competing company;
- 5) be a member or founder at another legal entity with the same or similar subject of business operations.

A decision of the Board of directors may define the activities, method and place of their execution which do not represent a breach of obligation to respect the prevention of competition.

### ***DURATION AND TERMINATION OF THE COMPANY***

#### **Article 74.**

The Company shall continue for an indefinite period of time.

The Company may terminate its activities in a manner and under the conditions prescribed by the law.

## **TRANSITIONAL AND FINAL PROVISIONS**

### **Article 75.**

The Articles of Association are changed by a decision of the Shareholder Assembly.

The legal representative of the Company is obliged, after each change of the Articles of Association, to prepare and sign the purified text of that document.

Changes to the Articles of Association as well as purified texts of those documents after each such change are registered in line with the law on registration.

### **Article 76.**

Other general acts of the Company must be in line with these Articles of Association.

Individual general acts passed by the bodies and authorised persons at the Company must be in line with the general acts of the Company.

General acts of the Company shall come into force within 8 days from the date of their publishment.

### **Article 77.**

The Articles of Association shall come into force within 8 days from the date of the publishment.

### **Article 78.**

On the day these Articles of Association start to apply, provisions from the Articles of Association of "GALENKA - FITOFARMACIJA" a.d. adopted on June 24<sup>th</sup>, 2016 shall cease to be valid.