



THE COMPENSATION AND REWARD POLICY OF "GALENIKA-FITOFARMACIJA" a.d.

General Provisions

The Shareholders' General Meeting of "GALENIKA-FITOFARMACIJA" a.d. determines an innovated Compensation and Reward Policy in the Company, in conformity with the performed status modification and organizing of the Company as one-house public limited company.

The Compensation and Reward Policy should ensure that:

- the adopted manners of rewarding and the amount of individual compensations are at the level which is sufficiently attractive and competitive to motivate hiring of professionals;
- the amount of compensations corresponds to the tasks and volume of engagement of the members of the Board;
- the amount of compensations reflects the business opportunities and long-term interests of the Company.

Compensation for Work to the Members of the Board of Directors

The members of the Board of Directors are entitled to the compensation for their work, and they can be entitled to the incentive through awarding the Company shares.

The compensation for work to the members of the Board of Directors consists of:

- fixed, monthly amount of the compensation which the member of the Board of Directors is entitled to based on its engagement in the Board's work;
- variable amount of the compensation, which may be authorized to the member of the Board of Directors as a reward for special contribution to the results achieved by the Company.

Monthly Compensation to the Members of the Board of Directors

The monthly compensation to the members of the Board of Directors is determined in the following manner:

- The non-executive members of the Board are determined a monthly compensation of 2 average net salaries in the Company realized in the month preceding the month of disbursement;
- The President of the Board of Directors is determined a monthly compensation in the amount of 3 average net salaries in the Company realized in the month preceding the month of disbursement;
- The executive members of the Board of Directors employed with the Company stipulate the labour contract with the pertaining monthly salary and all other earnings based on the labour relation, in accordance with the Collective Agreement and all other Company acts.



Special Compensation (Incentive) to the Members of the Board of Directors

By the General Meeting's resolution, at adopting the annual report on operations, a special pecuniary compensation (incentive) to the members of the Board of Directors may be authorized, depending from the Company's business results, as well as the incentive through awarding the Company shares.

Reimbursement of Costs to the Members of the Board of Directors

The members of the Board of Directors are entitled to the reimbursement of costs related to work and engagement in the Board of Directors, in conformity with the Company's general acts.

Compensation for Work to the Independent Auditor of the Company

The compensation for work to the independent auditor is determined with the General Meeting's resolution on election of auditor, at the ordinary session, at the explained proposal of the Board of Directors.

Final Provisions

The Compensation Policy shall be subject to the periodical re-examination, or harmonization with the needs, opportunities and interests of the Company.

The Compensation Policy is modified with the resolution of the Shareholders' General Meeting.

This Policy enters into force within 8 days as of the day of its posting on the Company's web page, and it shall apply starting from 1 February 2012.