

RULES OF PROCEDURE

**of the Management Board
of ALKALOID AD Skopje**



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ALKALOID AD Skopje



ALKALOID
SKOPJE

Health above all

Pursuant to Article 139 of the Statute, the Management Board of ALKALOID AD Skopje, at its meeting on 22.12.2022, passed the following:

Rules of Procedure of the Management Board of ALKALOID AD Skopje

I. *Introductory provisions*

Article 1

These Rules of Procedure shall determine the working method of the Management Board, the preparation, convening and holding of the Board meetings, the method of voting and decision-making, the powers of the Board and its President and other issues related to the Board proceedings, according to applicable regulations, the Company Statute and these Rules.

Article 2

The Management Board shall pass the Rules of Procedure with a majority vote from the total number of members.

The provisions of the Rules shall apply to the members of the Board and its President, as well as to all persons attending its meetings.

Article 3

The Management Board shall work and decide per the applicable regulations, the Company's Statute and other internal acts.

The Board shall consider and decide only on issues within its competence.

Article 4

Management Board members shall act in the best interest of the Company and all shareholders.

The Board shall act with the attention of an orderly and conscientious trader and in the Company's interest, and the Board members shall devote sufficient time to perform their function to fulfil their duties.

Article 5

Management Board members shall have equal status and the same rights and obligations.

Every Board member shall have one vote when passing decisions.

Article 6

Management Board members shall have the right to discuss, vote, ask questions, make requests to the President or the Board, propose Agenda items and raise initiatives and proposals for the Board's operation.

II. *President of the Management Board*

Article 7

The Management Board shall be headed by the President.

The President shall be elected according to the applicable regulations and the Statute.

The rights and powers of the President shall be determined by the applicable regulations, the Statute and these Rules.

The President shall be responsible for ensuring the proper operation of the Board. The President cannot independently make decisions on behalf of the Board.

The President shall take care of the Board's operation and for full and correct application of the provisions of these Rules.

Article 8

The Management Board President shall ensure that Board members receive complete and timely information to have enough time to prepare and make appropriate decisions.

The President shall ensure Board members have enough time to discuss at meetings before passing decisions.

The President shall ensure that minutes of the Board meetings are properly constituted.

Article 9

If the President is unable to perform his duties for any reason or is absent, the Supervisory Board shall appoint another Management Board member to preside over the meeting.

The member substituting the President in performing their function shall have the same rights and powers as the President.

III. Powers of the Management Board

Article 10

The powers of the Management Board are set in the Company Law and other applicable regulations, the Company's Statute and other internal acts.

The Board shall manage and lead the Company operations it is responsible for.

The Board shall hold the broadest powers to manage the Company. It shall be responsible for all matters related to managing affairs and current activities. The Board shall act on behalf of the Company within its operational scope, except for powers reserved for the Assembly of Shareholders and the Supervisory Board.

The Board shall especially have the power to:

- manage the Company's business policy and operations;
- adopt the Company's operations plan and program and direct their implementation;
- compile an annual account and an annual report on the previous year's performance;
- decide on the Company's internal organization;
- appoint, delegate responsibility and dismiss executives;
- decide on employee complaints in the second instance on employment-related rights, duties and responsibilities;
- decide on the purchase and sale of fixed and other assets if their value exceeds 10% of book value;
- pass a Decision to take inventory of fixed assets;
- decide on dismissals for business reasons;
- initiate and propose improvement of the Company's operations;
- decide on borrowing and loan approvals;
- supervise notifications of the Company's shareholders;
- sign a Collective Agreement with the union;
- convene meetings of the Assembly of Shareholders;
- prepare the proposals and acts and implement decisions of the Assembly of Shareholders and the Supervisory Board, and take care of their implementation;
- submit annual performance reports to the Supervisory Board and the Assembly of Shareholders;
- adopt internal acts, unless applicable legislation or the Statute envisage otherwise;
- decide on organizational changes;

- prepare proposals to the Assembly of Shareholders for the Assembly to deliberate and decide;
- decide to change the Company's activity;
- decide to convene an Assembly of Shareholders on shareholders' request;
- make a declaration on the application of the Code of Corporate Governance;
- inform the Supervisory Board about the Company's status and operations;
- make decisions related to strategy or expenses, which may increase risk exposure or significantly impact the interests of shareholders or stakeholders, after consulting with and obtaining prior approval from the Supervisory Board.
- decide and perform other actions in accordance with applicable regulations, the Statute and other internal acts;

IV. ***Meetings of the Management Board***

Article 11

The Management Board shall conduct its work and make decisions during meetings,

Meetings shall be convened and chaired by the President.

The President shall send a meeting invitation to the other Board members, specifying the exact date, time, and venue, the draft agenda, the materials to be discussed, and information about the attendance of other persons at the meeting.

All materials required for a Board meeting shall be delivered to all members at least five days before the meeting, except in exceptional circumstances where materials can be submitted on a shorter notice due to the urgency of the issues to be considered.

The invitation and materials for the meeting shall be distributed by email, except when it is more convenient for the Board members to receive them in another way.

The President shall notify the competent Company departments of the intention to hold a meeting, informing them of the exact date, time, and other important details to ensure the space and additional assistance necessary for the meeting.

A meeting can only be held if attended by a quorum of a majority of all Board members. Without a quorum, the meeting shall be postponed and reconvened within five days.

Meetings shall be held at the Company's headquarters, except in exceptional circumstances that require holding the meeting elsewhere.

Article 12

In exceptional and urgent cases of great importance for the Company, the President may schedule a meeting in the shortest possible time and verbally invite the other Board members. In such cases, the President may be allowed to not inform them in advance about the draft agenda or deliver the necessary materials beforehand. However, the draft agenda shall be announced at the beginning of the meeting, and the necessary materials shall be distributed at that time.

Article 13

In exceptional cases of great importance for the Company, the Management Board may pass conclusions and decisions without convening a meeting.

In such instances, Board members shall pass conclusions and decisions through mutually agreed-upon communication. There must be written evidence of the communication to demonstrate that the members have been informed about the issues under discussion and the conclusions and decisions reached.

These decisions shall take effect on the day of consent by all Board members unless the decision specifies another date for entry into force. Consent may be given by handwritten signature on the draft decision or by signature transmitted by fax or electronically.

Article 14

Management Board members may attend and pass decisions in a meeting conducted over a teleconference connection, the Internet, or other audio and visual communication equipment, provided that all participants can hear or see one another and communicate with each other. Such participation in a meeting is regarded as equivalent to in-person attendance by the individuals involved.

Article 15

At a minimum, one-third of the Management Board members shall have the authority to request the President to schedule a meeting, using a written request, specifying the reasons for the meeting. The meeting shall take place within 15 (fifteen) days from the date of submission of the request.

Article 16

Shareholders owning at least 10% of the total number of voting shares in the Company shall be entitled to request the convening of a Management Board meeting.

The persons mentioned in paragraph 1 of this article may request the meeting's convening by submitting a written request to the President, indicating the reasons. The meeting shall take place within 15 days from the day the request was submitted.

Article 17

The Management Board may invite the Supervisory Board members to attend its meetings unless their presence may affect the ability of the Management Board to make decisions independently.

Article 18

The President shall compose the draft agenda for the meeting of the Management Board.

Only items under the exclusive competence of the Board shall be put on the agenda.

Article 19

Any member of the Management Board may request an amendment to the draft-agenda.

The President shall put the proposed agenda and its amendments to a vote, and they shall be adopted if the majority of the members present vote in favour.

After the publication and determination of the meeting agenda, each item shall be individually deliberated and decided upon.

If issues added to the agenda do not require more extensive study, they shall be considered and decided upon at the same meeting.

In connection with the previous paragraph, the President may decide to postpone certain matters to study and submit materials for a subsequent meeting or for another justified reason. The President shall confirm the termination of the meeting.

Article 20

The President, a Board member, or an expert whose scope of work is the issue discussed as an agenda item shall provide an explanation (announcement) for the respective item.

After each agenda item, the President shall open a debate, deliberating on the proposals and opinions regarding the issue.

Article 21

After the discussion, a decision, conclusion, or other act shall be adopted for each agenda item, following the applicable legislation, the Statute, or other internal acts, and these Rules.

The Management Board shall make valid decisions if a majority of its members attend and are passed by a majority of the members present.

Voting at the meeting shall be public and done by a show of hands.

In case of a split vote, the vote of the President shall decide, or in his absence, of the substitute chair authorized by the President.

The Board's decisions shall take effect on the day of their adoption unless otherwise envisaged in the decision or applicable regulation, the Company's Statute, or another internal act.

Article 22

Management Board members themselves or by requests to other persons may take actions to gain insight into the Company operations or to carry out the tasks within the Board's competence. Any member may request from any organizational unit to prepare all the documents and notices necessary for the Board to inspect its operation.

Any member shall be entitled to examine all reports, acts and documents under the Board's competence.

Article 23

The Management Board may request relevant information from key executives, other employees in the Company's organizational units, and external advisors if it deems necessary. The Board may ask these persons to attend the meetings, and the President shall decide on their attendance.

Article 24

The Management Board shall decide on matters related to the Company's operations by way of decisions.

It shall assign specific executives or employees to handle issues discussed by the Board by way of conclusions.

Article 25

The decisions and other acts passed by the Management Board should be formulated clearly, leaving no room for doubt about what has been decided.

Adopted decisions and other acts shall be recorded in the meeting minutes.

Article 26

The President shall sign the original decisions and other acts adopted by the Board and stamp them with the company seal.

Article 27

Meetings of the Management Board shall have minutes taken, regardless of how they are held.

Minutes shall include information on how the Board worked, the time and place of the meeting, the attendees, the agenda, the matters voted on, and the results of each vote, including the names of the members voting IN FAVOUR or AGAINST the decisions passed. If requested by a member voting IN FAVOUR or AGAINST a decision, the minutes may include the reason for their vote. Members with a conflict of interest shall announce it at the start of the meeting and have it recorded in the minutes.

Each Board member shall be entitled to request that their opinion or position regarding a proposal being considered or voted upon be included in the minutes.

The Board members present shall sign the minutes, and any member not signing it must state the reason if provided.

A recorder shall keep the minutes, which must be prepared in printed form within three days.

Written decisions, conclusions, and other acts shall be delivered to those responsible for executing them. The minutes and one copy of the decisions, conclusions, other acts, and materials from Board meetings shall be kept as an attachment to the ledger of the Board and in the Company archive resulting from that ledger.

V. ***Other actions of the Management Board***

Article 28

The Management Board may establish one or more Commissions composed of its members or other persons.

Commissions cannot decide on issues within the Board's competence, nor can the Board's rights and obligations be transferred to them.

All Commissions' activities are subject to approval by the Board.

Each Commission shall pass Rules of Procedure to govern its powers, the conduct of meetings, the manner of voting, passing decisions, and other details of its proceedings.

Article 29

The Corporate Secretary and the Company's organizational units shall provide professional and administrative support to the Board in executing its powers, following the Company's internal acts.

The Corporate Secretary and organizational units may:

- Prepare draft acts for Board meetings
- Prepare materials according to meeting agendas
- Attend meetings and prepare minutes
- Distribute minutes and decisions to concerned bodies and departments
- Contact Board members and others on behalf of the Board or its President
- Perform other actions per regulations, Statute and internal acts.

The Corporate Secretary and organizational units shall perform these actions on behalf of the President or the Board.

Article 30

Management Board members shall submit a written report on the Company's performance to the Supervisory Board at least every three months and an annual account, financial statements, and performance report after the business year for review by the Assembly of Shareholders.

Upon request from the Supervisory Board, Management Board Members shall compile a special report on the Company's status or operation.

If at least one Supervisory Board member requests, Management Board members shall prepare all documents and notices for supervising their work.

Article 31

The Management Board shall evaluate its effectiveness and efficiency at least annually and report evaluation conclusions to the Supervisory Board.

Article 32

The Management Board shall establish an efficient system for identifying and managing risks, internal controls, and processes for monitoring compliance with laws and internal acts.

Article 33

The Management Board shall adopt an act identifying main stakeholders and determining communication methods to understand their views on environmental and social issues. These views shall be incorporated into the Company's business policy per its established strategy.

VI. *Prevention and management of conflicts of interest*

Article 34

Management Board members shall care to prevent conflicts of interest during work and decision-making.

Board members shall follow the applicable regulations, Statute, and internal acts when preventing and managing conflicts of interest. This includes following the Company's Policy for Preventing and Managing Conflicts of Interest.

Once a year, Board members shall submit a Statement of Compliance with the Policy for Preventing and Managing Conflicts of Interest.

In case of potential conflicts of interest, members must follow procedures established by the Policy for Preventing and Managing Conflicts of Interest.

Article 35

In addition to the principles established by the Policy for Preventing and Managing Conflicts of Interest, special provisions related to their function shall apply to Management Board members.

Article 36

Management Board members and their family members (spouses, parents, and children) may not perform the following without Supervisory Board approval:

1. Perform work within the Company's scope for themselves or others.
2. Perform other paid or unpaid activities in another company with the same or similar subject of operation for their own or others' account.
3. Be a member of a management body or supervisory Board, or controller in another company with the same or similar subject of operation.
4. Perform work for themselves or others on Company premises.

A Board member intending to perform an action or acquire a function specified in paragraph 1 shall request Supervisory Board approval. They shall detail the action or position, the reasons for it, and how they plan to minimize conflicts of interest. The same applies if it involves their family member (spouses, parents and children).

Under any circumstance, Management Board members may not:

1. Request, accept, or approve gifts of financial value or donations from the Company for themselves or their family members.
2. Allow third parties to benefit at the Company's expense.
3. Use Company business opportunities for personal or family interests.
4. Receive any personal income from Company operations except rights derived from contracts with the Company and/or affiliates, compensation as Board members, and income from shares held in the Company.

If a Board member acts contrary to this article's prohibitions or fails to disclose relevant facts in their notification per paragraph 2, the Company may:

- Demand compensation for damages; or
- Request that the legal matter be assigned to the Company and any benefits from it for themselves or others be given to the Company.

Article 37

If a Management Board member is suspected of a potential conflict of interest, they shall not participate in meeting discussions or decisions on contracts or legal matters that may directly or indirectly relate to them.

Article 38

Management Board members shall immediately notify the President if they have an interest in any deal or activity that affects the Company's interests following the Policy for Preventing and Managing Conflicts of Interest.

Any contract or business activity in which a Board member has an interest must be handled according to the Statute's provisions for transactions with interested parties.

Every Board member with an interest must report it immediately.

If a Board member becomes aware that any conditions from paragraph 2 have been met, they must immediately inform the Board. The interested member shall be entitled to be heard but cannot participate in discussions or decision-making regarding approval for transactions with interested parties.

Article 39

A Management Board member may not simultaneously serve as a member of another company's Management Board or an executive member of board of directors. They may not serve as non-executive members on more than five boards of directors, or more than five supervisory boards in companies based in the Republic of North Macedonia.

If other members of the Management Board receive information that a member has violated paragraph 1 of this article, they must promptly request verification. If the information is correct, they must ask the member to resign from their position on the Board or their position in another company.

VII. Final Provisions;

Article 40

The President shall ensure the correct application of the Management Board's Rules of Procedure.

These Rules shall be amended in the same way and procedure as for their adoption.

The Rules shall take effect on 01.01.2023.

Article 41

If any provision of these Rules conflicts with the applicable regulations or the Statute, an amendment will be initiated immediately. Until then, the requirements of the relevant regulations and the Statute shall directly apply to the work and decision-making of the Management Board.

Article 42

These Rules of Procedure, taking effect make the Rules under archive no. 0203-148, dated 22.11.2004, null and void.

¹ This version of the Rules of Procedure of the Management Board of ALKALOID AD Skopje is formatted and designed to inform the public about it. The official version of the Rules is kept at the Company headquarters.



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