



POLICY

For preventing and managing conflicts of interest of Alkaloid ad Skopje



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**ALKALOID
SKOPJE**

Health above all

Pursuant to Article 119 of the Statute and proposed by the Supervisory Board under its competencies from Article 113 of the Statute, the Management Board of ALKALOID AD Skopje, under Article 79 of the Statute, at its meeting on 29.12.2022, passed the following:

POLICY FOR PREVENTING AND MANAGING CONFLICTS OF INTEREST OF ALKALOID AD Skopje

1. Introduction

ALKALOID AD Skopje adopts this Policy for Preventing and Managing Conflicts of Interest (hereinafter: the Policy), intending to implement its Policy of fully and consistently respecting and complying with applicable regulations, as well as adhering to the highest national, European, and global business practices. The Company aims to maintain and enhance its excellent reputation, ensure transparency in its operations, protect the rights and interests of its shareholders, safeguard its assets and value, and act responsibly towards the community.

This Policy aims to safeguard the Company's assets, value, and interests when conflicts of interest arise with individuals listed in the Policy. In such circumstances, it is crucial to prioritize the Company's overall interest over private interests that may benefit specific individuals. Additionally, this Policy aims to protect the overall rights and interests of all shareholders rather than just the interests of particular shareholders or entities specified in the Policy.

All ALKALOID affiliates in the country and abroad must implement this Policy. If the applicable regulations in a country where ALKALOID or its affiliate operate require stricter rules for preventing and managing conflicts of interest than those outlined in this Policy and other internal Company acts, then the more stringent rules shall be enforced.

This Policy reflects the applicable legal regulations, including the Company Law and Securities Law, as well as other relevant laws and by-laws governing this Policy's subject. It also reflects the aims, objectives and spirit of regional, European, and global rules for preventing and managing conflicts of interest, as expressed in the directives, regulations, and recommendations of relevant European Union institutions and international agreements. In addition, this Policy shall consider the internal acts, recommendations, opinions, and manuals of regional, European, and global international organizations and initiatives that promote good corporate governance practices, transparency, protection of shareholders' rights, and the fight against corruption.

This Policy transposes the provisions, principles, and meanings of the Code of Corporate Governance of the Macedonian Stock Exchange, where the Company's shares are listed.

Furthermore, this Policy complements and builds upon other applicable internal acts of ALKALOID AD Skopje, primarily the Company's Statute, as well as the Code of Ethical and Professional Conduct, the Anti-Corruption Policy, the Rulebook for the Protection of Trade Secrets and Know-How, the Rulebook on Authorizations for Signing Contracts and Other Documents, the Rulebook for the Procedure of Approval of Invoices and Other Costs in the Company, etc.

The Corporate Legal Department will provide an expert legal opinion on the interpretation and application of the provisions and terms of this Policy.

If any law or by-law is amended, and the provisions of this Policy contradict those of the law or by-law, the corresponding regulations shall be directly applicable. In such an event, the Company will revise this Policy promptly.

2. **Who is bound by this Policy?**

This Policy applies to all individuals who are or may be in a position of a potential or actual conflict of interest (as defined in this Policy) that may conflict with the interests of the Company (obliged persons), in particular:

- Members of the Supervisory Board;
- Members of the Management Board;
- Persons with special powers and responsibilities (executives);
- Employees;
- Company Shareholders who, alone or in combination with related persons, hold 20% or more of the voting shares.

Obliged persons will be deemed to have an indirect conflict of interest if a related person has a conflict of interest. Related persons include spouses or extramarital partners, blood relatives in the direct line and up to the fourth degree in the lateral line, relatives by marriage up to the second degree, and any natural person or legal entity with whom the obliged person has a financial interest.

3. **What constitutes a conflict of interest?**

A conflict of interest, whether potential or actual, arises when an obliged person, performing their duties, responsibilities, and exercising their powers on behalf of the Company, encounters a situation where their self-interest, either directly or indirectly (through related persons), may influence or appear to influence their decision-making in a way that is not in the Company's best interest.

A conflict of interest occurs when certain official responsibilities of an obliged person, which may not initially pose a conflict of interest, could lead to a conflict in the future between the obliged person's self-interest and the interests of the Company (potential conflict of interest), or when specific official responsibilities of the obliged person already imply and assume a conflict between the obliged person's personal interests and the interests of the Company at the time of occurrence (actual conflict of interest).

If an obliged person knowingly puts themselves in a conflict of interest, even if reports it later observing this Policy, they will be subject to disciplinary sanctions under the Company's Rules for work order and discipline.

In determining the liability of obliged persons for bringing themselves into a conflict of interest or failing to report a conflict of interest, it is irrelevant whether the Company interest was actually affected.

What is meant by self-interest?

Self-interest refers to the financial or non-financial interests, including the financial or non-financial profit of the obliged persons, both directly and indirectly.

Financial interest refers to attaining any financial gain, whether presented through a specific monetary value or another type of financial or economic value.

Non-financial interest, conversely, pertains to the acquisition of a non-financial benefit, convenience, or advantage, either for oneself or another party.

Circumstances that, in principle, represent or cause a conflict of interest

When determining whether a conflict of interest exists or could potentially exist in the Company, the following circumstances will be considered:

- Whether there is or could be a financial gain or avoidance of financial loss for obliged persons, either directly or indirectly, at the expense of the Company's best interests;

- Whether obliged persons could obtain a personal benefit, either financial or non-financial, by accessing confidential information related to the Company's business activities or those of a third party;
- Whether obliged persons engage in private business activities during Company working hours while utilizing the Company's physical and intellectual property resources;
- Whether obliged persons abuse their position in the Company to gain personal benefits;
- Whether a person related to an obliged person has a private interest related to a competitor, supplier, buyer, or customer of the Company.

Special circumstances for assessing the existence of a conflict of interest

When managing conflicts of interest and resolving procedures following reports of a conflict of interest, the Company shall recognize that it operates in a small country with a limited population, where the majority of its managers, employees, shareholders, and external collaborators live. Therefore, in circumstances where natural interconnections and conditions may make the conflict of interest possible, the Corporate Legal Department will interpret, assess, and evaluate the necessity, justification, and permissibility of this concept through the procedures outlined in this Policy.

In the resolution procedure following a report of a potential or actual conflict of interest, the Corporate Legal Department, as the body competent to deal with this issue, in coordination with other departments, shall assess and determine whether a conflict of interest exists, considering the special circumstances described above. If a conflict of interest is determined to exist, the Corporate Legal Department shall evaluate the imminence of the conflict and determine the appropriate course of action to eliminate it, if possible.

4. Procedure for reporting a potential or actual conflict of interest

Obliged persons must promptly inform the Company upon becoming aware of their potential or actual conflict of interest, in any case no longer than three days from the moment of awareness, using the Form provided in the corresponding Annex to this Policy.

It is assumed that the person became aware of the potential or actual conflict of interest at the time of its occurrence. If the person learns of the potential or actual conflict of interest after its occurrence, they must provide proof accordingly, and the burden of proof falls on the person submitting the Form.

An employee who is an obliged person shall first report any conflict of interest to their superior. Taking the specifics of the work process in the relevant organizational unit into account, the superior will propose a plan for managing the specific conflict of interest. The employee and their superior will jointly report the conflict of interest and the management plan by filling in the Form for reporting and managing a conflict of interest provided in Appendix 1 of this Policy.

All obliged persons can ask the competent person for an expert opinion on whether certain circumstances related to their engagements constitute a conflict of interest within the meaning of this Policy. To do so, they must fill in and submit the Form for the interpretation of the existence of a conflict of interest, provided in Annex 2 to this Policy.

The members of the Management and Supervisory Board, persons with special powers and responsibilities (executives), and shareholders in the Company who alone or together with related persons hold 20% or more per cent of the voting shares must fill in and submit the Form for the interpretation of the existence of a conflict of interest, given in Annex 2 to this Policy, to declare the existence of a conflict of interest.

Additionally, the members of the Management and Supervisory Board and persons with special powers and responsibilities (executives) must sign and submit a declaration of compliance with the Policy for the Prevention and Management of Conflicts of Interest once a year, no later than the end of January of the current year.

All forms and statements attached to this Policy should be submitted to the Director of the Corporate Legal Department, who leads the procedure and decides on the conflict of interest. For efficiency, the Form can also be submitted via email.

Failure of obliged persons to comply with this Policy is considered a severe violation of the Code of Ethical and Professional Conduct and other Company internal acts. It may result in initiating procedures and establishing responsibility, which could include termination of employment or dismissal from the position, depending on the severity of the violation.

If anyone in the Company observes a violation of this Policy, they should report it following the Code of Ethical and Professional Conduct and the acts governing whistleblowing within the Company.

5. Final part

The Supervisory Board proposes this Policy, and the Management Board adopts it.

The Policy shall take effect on the date of its adoption by the Management Board, but no later than 1 January 2023.

All internal acts governing conflicts of interest related to specific segments of the Company's activities must comply with the Policy's provisions within six months of its adoption.

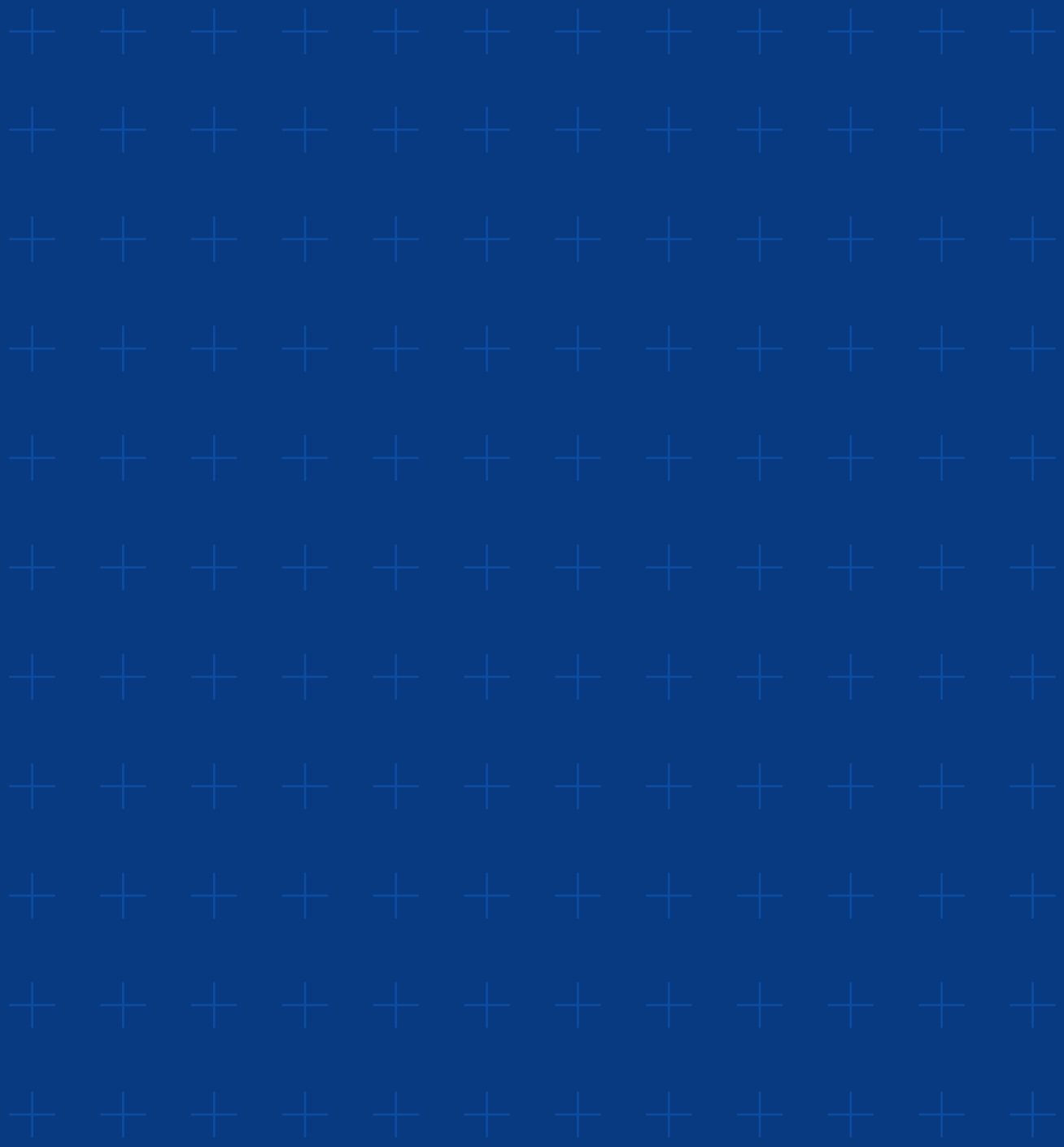
Within six months of adopting this Policy, the Company's affiliates in the country and abroad must incorporate it into their system of internal acts by adopting a Protocol for implementing the Policy for the prevention and management of conflicts of interest. The Corporate Legal Department applies procedures for determining conflicts of interest for employees, executives, and directors of affiliates in the country and abroad.

This Policy's provisions apply until the Company's Management Board amends it.

This Policy's provisions are based on and build upon the provisions of the following applicable regulations, and internal Company acts:

- The Company Law
- The Law on Securities
- The Code of Corporate Governance of the Macedonian Stock Exchange AD Skopje
- The Statute of the Company
- The Code of Ethical and Professional Conduct
- The Anti-Corruption Policy
- The Rulebook for the Protection of Trade Secrets and Know-How
- The Rulebook on Authorizations When Signing Contracts and Other Documents
- The Rulebook on Approval of Invoices and Other Costs in the Company.

¹This version of the Policy for Preventing and Managing Conflicts of Interest of ALKALOID AD Skopje is formatted and designed to inform the public about it. The official version of the Policy is kept at the Company headquarters.



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