

First edition



of **ETHICAL**
and **CORPORATE**
CONDUCT

October, 2009



ALKALOID
SKOPJE

CODE

of ETHICAL

and CORPORATE CONDUCT



Alkaloid is devoted to its corporate culture and is committed to building credibility and respect for our clients, associates, shareholders and staff. The honest manner in which Alkaloid is managed, our image and integrity ensure continuous growth and success in achieving our mission and vision.

Our MISSION

CONTINUOUS DEDICATION TO A HEALTHIER WORLD, SUPERIOR QUALITY OF PRODUCTS AND SERVICES, PROFESSIONALISM AND SUCCESS IN BUSINESS OPERATIONS.

OUR IMPERATIVE IS TO PROTECT THE INTERESTS OF OUR CONSUMERS, BUSINESS PARTNERS, EMPLOYEES AND SHAREHOLDERS.

THE MAIN GOAL IS TO CARE FOR THE HEALTH AND WELLBEING OF EVERY PERSON, THE HEALTHCARE SYSTEM AND THE ENVIRONMENT.

ALKALOID'S COMMITMENT IS TO CONTINUOUSLY PROMOTE THE HEALTH OF PEOPLE, EVIDENT IN OUR MOTTO:

HEALTH ABOVE ALL.

Our VISION

OUR VISION IS TO DEVELOP AS AN EXPORT-ORIENTED PHARMACEUTICAL COMPANY, WITH A STABLE MARKET POSITION, OPEN TO NEW MARKETS AND PARTNERSHIPS, PRODUCING AND SELLING GENERIC MEDICATIONS OF THE HIGHEST QUALITY, BY APPLYING THE MOST CONTEMPORARY PRODUCTION TECHNOLOGIES AND CORPORATE STANDARDS.



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Message from the President/CEO

Dear colleagues,

The corporate rules of conduct are a set of moral, ethical and legal principles of work in Alkaloid AD – Skopje, and they will provide guidelines for the employees and all others affiliated with the activities of Alkaloid.

As the CEO of Alkaloid, I see no higher priority than highly professional and ethical behaviour of our staff, regardless of their country of origin or position in the company.

We are here to achieve our mission and vision, and every employee, with his or her conduct, should manifest strong will and intention to achieve them.

The Code of Ethical and Corporate Conduct is a set of rules of behavior which should assist the employees in their improved performance, and will help them to avoid disagreements or blunders which could harm the dignity of the employee and would bring embarrassment to the company.

The Code of Ethical and Corporate Conduct is not something we apply the moment we are employed with Alkaloid AD or we practice when we find the time. The Code should serve as an indicator of what we do and how we behave every minute or moment of the day. In a nutshell, it should portray us as high professionals and as a successful company, a successful 75-year long story built on supreme professionalism, tradition and laboriousness.

Mr. Zivko Mukaetov
Director General and CEO
Alkaloid AD – Skopje

* These guidelines are not a working contract and can be amended at any time by the management of Alkaloid.



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1. INTRODUCTION

For the last 7 decades, Alkaloid AD has created an image of a company of strong integrity, following business standards in the branch. Its successful operations are a result of the efforts and dedication of employees and the legal regulations in the countries where we have our activities.

Our image is a great investment for the future and depends on every individual who works with our company in any country where Alkaloid AD has its operations. A company acquires its image and respect the hard way – preserves them even harder. The hardest part is to restore them once they are at stake. These guidelines should assist every employee in preserving and promoting the image of the company in which they spend a good share of their lives. Several corporative procedures and advices are included in these guidelines. Continuous respect for those established standards by all employees brings along long-term benefits for the consumers, the clients, the society, the shareholders and the company itself.

1.1. SCOPE

This Code of Conduct applies wherever Alkaloid AD has employees and activities, starting from the headquarters and the profit centers, sectors, representation offices in other countries and regions and addresses to all hierarchical levels in the company.

1.1.1 WHAT IS OUR TASK?

Our task is to work in compliance with the legislation, the corporate policy and procedures of Alkaloid AD. We are responsible for understanding the legal and corporate requirements and standards on work accountability.

In cases not addressed by the Code of Conduct, and in cases of doubts, we shall address our direct supervisor, the Human Resources manager or the Legal Department before making a decision.



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1.1.2. WHAT IS THE MANAGEMENT'S RESPONSIBILITY?

The top management has additional responsibility to serve as a model to these standards and to demonstrate them by supporting and continuously encouraging the managers to implement and adhere to those standards. The Managers must initiate and provide additional training and guidelines on working behavior with regards to legal and ethical standards, due to the sensitivity and the requirements of the posts. Managers are strongly accountable for ethical issues and must stimulate open communication about the problems.

1.2. OUR CODE OF CONDUCT

Alkaloid AD has developed a corporate code of conduct by adjusting fundamental behavior standards for all employees, as already described in its Policy of Quality and its acts.

1.2.1. WHAT IS OUR TASK?

- To do our job honestly and professionally, by protecting and promoting the reputation and image of Alkaloid AD in the public
- To build bonds with our clients and affiliates, based on mutual trust, respect and dignity
- To work in accordance with the legal requirements, policy and procedures
- To avoid activities which could engross us in illegal activities, thus inflicting personal and corporate embarrassment
- To avoid any conflict of interest (potential or existing) in any activity and transaction
- To give accurate and reliable information in our reports and to protect all confidential information of Alkaloid when working with stakeholders.
- To report immediately any violation or breach of any law, ethical principle or policy of Alkaloid. In such cases, full cooperation with the Legal Department, Internal Control and Audit or other investigative bodies is necessary



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- To abide by this Code of Conduct, aimed at preserving the credibility and building the image of Alkaloid

1.3. OUR ETHICS

This Code cannot address all situations. In case any of us find themselves in an ethically disputable situation hard to resolve, we must ask ourselves the following questions:

- Is this legal and ethical?
- Is this in accordance with Alkaloid's policy, procedures and the Code of Conduct?
- Could I share this problem with my closest?
- Would I be indifferent if my company is publicly assaulted?

If unable to find solution to a problem, we shall consult and inform our direct supervisor, request additional information from competent coworkers or collaborators until the right solution is found.

1.4. RESPONDING TO TASKS, RESPONSIBILITIES AND AUTHORIZATIONS

Employees of Alkaloid are responsible for reporting any suspicion or locating possible inappropriate behavior or operation promptly. This applies to collaborators, out-sourced consultants, trainees and part-time employees. It is best to raise awareness about the case before it grows into a serious problem or detriment for the company or the employee. To go step ahead before a problem arises, is one of our greatest responsibilities (Procedure on Corrective and Preventive Measures).



1.5. REPORTING ON POSSIBLE BREACHES OF THE POLICIES AND PROCEDURES OF ALKALOID AD

In case of an arising problem, it is necessary to discuss it with the direct supervisor or line manager who knows the situation best and who is prepared to help. In cases when immediate assistance is impossible to get, one shall inform the corporate functions, such as the Internal Control and Audit, Human Resources, Security, Pharmaceutical Quality, Legal Department or Finance. Should you wish to place a claim anonymously, this can be done in writing, via e-mail to the relevant service or manager or, if available, through a specially made p.o. box.

1.5.1 WHAT SHALL I DO IN CASES WHEN THERE IS INSUFFICIENT INFORMATION TO MAKE A DECISION?

In case we find ourselves in a situation or we have doubts about inappropriate conduct, it is necessary to pass the facts to our direct supervisor. We are not expected to know all the information and answers, but generally, the more specific information we have, the more appropriate our decision will be. When reporting, we shall include information on the case, the parties involved, the location, what prompt reaction was needed and any other information which would help the Company to undertake adequate reaction. It is necessary to know that we should not undertake any actions individually.

1.5.2. CONFIDENTIALITY

Any claim on inappropriate conduct will be treated with due confidentiality by Alkaloid. This is in favor of the investigation or cooperation with relevant government bodies and in compliance with the legal regulations and legal remedies.

1.5.3. UNDERTAKING ACTION FOLLOWING A CLAIM

Once information is received, the situation will be carefully examined before any investigative or other action is undertaken. Should the company decide to

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monitor the situation, the investigation may not obligatorily be transparent, so as to respect the confidentiality of the source and the parties involved.

1.5.4. DISCIPLINARY MEASURES

The corporate policy and procedures of Alkaloid, apply to all employees at all levels and are mandatory to all, regardless of their position in the company. Each derogation from the corporate policy, disrespect of this Code of Conduct, failure to inform on misconduct, evasion of corrective measures, inflicting damages etcetera, will be a subject to disciplinary measures.

The same applies to all managerial posts.

All aforementioned situations are subject to disciplinary measures, including termination of duties and termination of work contract. The management of Alkaloid, Human Resources and the Legal Department are in charge of disciplinary measures. Also, the breach of Law can lead to civil or criminal procedures against an employee.

1.5.5. POLICY OF NON-RETALIATION

Alkaloid firmly believes that any indication on retaliation shall discourage the employees to report any misconduct. With that aim, Alkaloid will undertake disciplinary measures, including dismissal and termination of duties against anybody who threatens or is involved in retaliating activities and harassment against an employee who considers reporting misconduct.

Information on misconduct will not ensure immunity to the person who reported it, and he/she will be involved in resolving the case and in cooperating in the procedure.

1.6. CORPORATE ETHICS

The Management Board of Alkaloid AD establishes a policy of ethical conduct, aimed at meeting high standards of ethical management of the Company.



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Ethical behavior is within the competence of Human Resources, which prepares and submits reports to the CEO. The ethical policy prescribes work guidelines and defines measures and accountability for possible mistakes, and is aimed at harmonizing the operations with the legal provisions and the company procedures and at creating positive ethical climate for all employees.

1.6.1. POLICY OF CORPORATE ETHICS

Through support of all employees and abidance by ethical norms, Alkaloid will:

- Assess risks in order to ensure response and measures by internal control once risks are detected
- Provide training through education programs, made on the basis of detected risks, in order to tackle them more successfully
- Provide conditions for implementation of continuous education policy, upgrading and specialization
- Provide monitoring and audit system, capable of detecting illegal and unethical conduct

1.6.2 HOW TO COMMUNICATE OR INFORM THE MANAGERIAL TEAM AND THE STEERING BOARD OF ALKALOID

Line or horizontal management team is responsible for implementation of the effective internal control of risk management and legal harmonization. Alkaloid has established Internal Control and Audit to detect inconsistencies and potential risks, sinister situations and occurrences and to monitor and remedy them.

A system of corrective and preventive measures, assessment and risk management has been established through quality standards implementation, which is input parameter for reexamining the System for Quality and Environment Protection. It is implemented at least once a year by the Quality and Environment team, checking the compatibility of the legal regulations and communicating the information to the management team and the Steering Board.

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2. Our clients and our markets

2.1. MANAGING THE CLINICAL SAFETY OF OUR PRODUCTS

The clinical safety, quality and efficiency of our products during their development stage and life cycle, are of utmost importance for Alkaloid. The clinical safety as well as the quality and appropriateness of the substances are under full control of GMP. All preventive measures are undertaken to ensure safety of the patients.

Alkaloid AD produces safe drugs (products) of high quality, in accordance with GMP requirements and has a system of pharmaceutical vigilance.

What is expected of us?

When an unwanted effect or any problem related to a product by Alkaloid is reported, the direct supervisor shall immediately be informed. He/she will undertake further activities to resolve the situation.

- In Macedonia, there is a Bureau for reporting unwanted medical side effects within the Faculty of Medicine and Pharmacology Clinic.
- Alkaloid adheres to all requirements set by the Ministry of Health and other line Ministries in order to meet prescribed standards for product safety.
- Alkaloid strictly adheres to GMP directions
- Alkaloid follows all procedure for entrance, production, quality control, storage, management and delivery of products



2.2. PHARMACEUTICAL MARKETING AND PROMOTIONAL ACTIVITIES

Marketing and promotional activities about the pharmaceutical products of Alkaloid on all markets follow ethical, medical and scientific standards. All marketing and promotional activities undertaken by Alkaloid or its representation offices are based on medical data and are in concordance with the Law on Medical Information and Drugs Prescription, and the information included in the drug's Instructions page. The aforementioned conforms with Alkaloid policies and legal provisions of the countries where we have our operations.

What is expected of us?

All employees or persons involved in marketing and promotional activities are accountable for the quality of information and the medical data, promoted with leaflets, presentations, promo material, video records, etc. All of them are a subject to approval before being launched. The corporative marketing is subjected to approval process for all materials on all markets where Alkaloid has developed its activities.

All marketing and promotional materials, as well as the activities undertaken by Alkaloid and its subsidiaries and representation offices:

- must clearly, accurately and unambiguously present the products and services to third parties
- will not include any material that would be offensive or abusive to the targeted people, culture and nation

2.3. OUR CLIENTS AND MARKETS

Alkaloid is in favor of free and open market competition. Its growth and development are a result of the competitiveness of its high quality products and services, as well as its employees' talent, knowledge and devotion. We constantly implement the European legal framework and the laws in the countries of our

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activities, which protect free markets and give all chance, provided their products are of high quality and their teams are skilled at marketing. Any breach of competitiveness laws can lead to unwanted effects or negative publicity for Alkaloid.

What is expected of us?

No employee or outsourced collaborator shall agree on or discuss the issues stated below with the competition, without prior approval or advice obtained by the CEO, the Export Sales Director, the Director of the representation office in the respective market, or the Legal Department.

- Prices, discounts or price policy
- Trade conditions, sales, loan policy of the company and the company perks
- Price definition with distributors, dealers, pharmacies, wholesalers and other clients
- Marketing plans, planned promotions and advertising campaigns
- Profit, profit margins or costs
- Market share
- Distribution or distribution channels
- Bidding on tenders and intended bidding
- Production opportunities and production limits
- Informal groups which have or develop activities for any type of boycott or disruption of production
- Selection and classification of clients or termination of contracts with clients
- Sale regions, markets, number of clients and number of personnel employed in a market

Our activities do not violate laws that ban monopoly and we do not abuse possible dominant position on any market. We must be aware of the fact that in some countries it is common to operate in conditions of with discriminatory price policy or protection of unfair and ruthless competition.



2.4. UNETHICAL AND UNFAIR CONDUCT IS BELIEVED TO BE:

- To give false statements about competition or their products
- To steal and abuse of competition's secrets
- Any termination of delivery competition products
- To influence our clients into terminating contracts with our competition
- To pay for any harm against a competitor

2.5. INVOLVING THE LEGAL DEPARTMENT OF ALKALOID

In order to abide by the legislation which directly concerns the operations of Alkaloid, it is necessary to involve the Legal Department of Alkaloid to approve the members of the proposed contracts and to harmonize them with our interests and regulations.

Of particular sensitivity are the following contracts:

- Distributors, representative agents and dealers who have business relations with Alkaloid and have a hold of our products and documents
- Activities related to registration of drugs
- Consultations with the authorities in the targeted country, the legislation of which must be respected
- Corporate agreements with various financial institutions

2.6. DATA PROTECTION

Alkaloid safeguards patients and customers rights, as well as personal data of its employees. We are committed to protecting such information by implementing communication standards and procedures commensurate to the Company's policy and the Laws on Personal Data Protection in the countries where we have our operations.

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What is expected of us?

- To refrain from requesting access to personal information unless it is work related
- To treat personal information with utmost care and protect confidentiality
- To ensure conditions to prevent personal data from leaking in an unplanned manner or without prior approval by the officer in charge or the relevant procedure

2.7. INFORMATION ON THE COMPETITION AND THE MARKET

Alkaloid has the capability and capacity to know and understand market trends, as well as to predict the intentions of the competition. Our “intelligence” is at all times ethically clean and in compliance with the legislation that protects information property.

What is expected of us?

- To collect information on the competition from legal and legitimate sources only
- To be wary of information obtained through unusual sources belonging to the competition or third parties. In case of such information, it is necessary to inform our direct supervisor or the Human Resources Manager

2.8. ALKALOID AND STATE BODIES

Every year Alkaloid and the Public Healthcare system, (represented by the line ministry in the governments of countries where we have our operations), are in a business relation of mutual interest or a relation where the patient’s interest is paramount.



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We fully conform to anti-corruption laws of the countries of our operations.

We do not apply methods of bribery or gratuities in exchange for a favor or any benefit from the state healthcare budget. All commercial activities, such as marketing, promotional or compensational activities, must be previously approved by Alkaloid and accessible to the government or healthcare authorities, provided the procedure is obligatory and not in conflict with any law. There are limitations that apply to government as the buyer of our product, which concern gifts, acknowledgments or entertainment.

In order to maintain positive relations and cooperation with the state authorities of the countries of our operations, and in order to protect the state interests of the relevant country, the Steering Board of Alkaloid AD- Skopje allows non-profitable products on the market.

What is expected of us?

- To consult our direct supervisor, the HR Department or the Legal Department should we wish to give a valuable gift to a healthcare worker or a government official
- To make sure that all information used to calculate the price of government projects and the concessions is in harmony with the government procedures

3. Our employees, collaborators and environment

3.1. EQUAL TREATMENT

Alkaloid implements balanced labor policy according to the principles of equal opportunities and equal treatment. Thus, it creates working atmosphere in which every individual can show his/her talents and can add to the performances and better business practices.

Alkaloid abides by the principles of transparent, timely and clear communication, where all parties understand the messages. In this context,

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the official language of the communication among coworkers from different countries is the English language. The English language is also the language of the trainings organized for the employees. The managers in the respective countries, where Alkaloid has its operations, will make sure that the employees are able to communicate in this language.

All managers are directly involved in all stages of the employment process, hiring, trainings, promotions, remuneration, benefits, transfers, suspension, dismissals and absences, irrespective of the national origin, religious, gender, ethnical, age group of the person or disability factor (inborn, or a result of accident or war). Alkaloid ensures a position and adequate working space for employees with disability or special needs.

What is expected of us?

- To treat others with respect and dignity
- Compatibility with the laws on employment in countries where we have our operations
- To speak the English language fluently, starting from positions of junior specialists or collaborators in Alkaloid AD Skopje, junior managers and employees from Alkaloid AD subsidiaries and representation offices abroad who frequently communicate with the HQ in Skopje
- To inform the Management and HR about any inconsistencies which are contrary to the policy, the principles and the procedures, so as to conduct corrective measures

3.2. DRESS CODE

To maintain high professionalism, Alkaloid sets high dress code standards for all employees. Except for positions where uniform is required, the dress code must be business appropriate.



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What is expected of us?

- To look highly professional when choosing our attire
- To portray professional and positive image
- Unless uniform is required or unless intensive physical labor is expected, the dress must be business-like, that is, it must apply by the three Cs—classical, clean, conservative (smart and appropriate). Suits are obligatory for men, and jackets and skirts for ladies.
- Formal business dress code is: for ladies, a suit with a skirt or trousers, a blouse and scarf; for men, a suit and a shirt, a tie, a belt, socks and shoes. Colors for both genders are black, grey, dark blue or brown.
- Extreme hair styles, flashy hair dye, heavy perfumes, short skirts, shorts, deep necklines are not allowed.
- The jewelry should be minimal, appropriate to our position and role in Alkaloid
- No visible piercing is allowed during working hours
- When invited to attend an event, a celebration or a cocktail party, or when representing our superiors, we must observe the dress code on the invitation
- Discrete rather than strong make up is advised during working hours
- We must have clean shoes
- We must observe personal hygiene, especially mouth hygiene
- Employees of Alkaloid, unless required to wear uniforms, can wear business casual style every FRIDAY

3.3. MOBBING AND HARASSMENT

It is every employee's right to work in a mobbing-free environment, or, if mobbing occurs, to be protected from retaliation.

Alkaloid will show zero tolerance for any type of mobbing, based on people's race, ethnicity, nationality, age, gender or sexual orientation, religion, disability, special needs, or any other personal feature. Use of any property of Alkaloid, such as vehicles, computers, documents or PR methods for mobbing purposes is strictly forbidden.

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What is expected of us?

Each employee must be personally accountable for upgrading corporate standards by respecting the dignity of all coworkers, collaborators, clients, contracted workers or individuals in any way affiliated with Alkaloid.

We must never:

- Request, insist on or blackmail an employee to perform sexual favors
- To be abusive, use inappropriate comments, foul language, offensive remarks, texts or images
- To give anybody bad names
- To use gender as a threat during disciplinary measures, promotions refusals or termination of benefits
- To tell negative or sexist jokes, be sardonic or improper
- Give verbal sexist comments or insist on unacceptable touching (physical contact), which would disrupt the working atmosphere and would reduce the employee's performances, as well as cause feeling of humiliation, obscenity and tension

Should we have any questions about mobbing or we believe we have been a victim or a witness of mobbing, it is necessary to contact the officer in charge at the Human Resources.

3.4. DIVERSITY

By being a company which has its operations in several countries, Alkaloid embraces diversities in cultures, beliefs and working methods. This includes the employees, the clients, distributors, shareholders, and all stakeholders who are in indirect or direct business relation with Alkaloid or its representation offices abroad. One of the strongest points of Alkaloid is maintaining the policy of employing work force of diverse structure.



What is expected of us?

- All employees are responsible for preserving the system of multi-ethnicity, multi-culture and multi-confession
- Managers are responsible for promoting and effectively managing the diversity in the company, so as to promote productivity, success and loyalty of the employees
- Managers are expected to cherish diversity as an integral part of the strategy and to ensure that mobbing, discrimination, improper and abusive behavior against people of different level of education, culture, beliefs or any other characteristics are not allowed and will not be tolerated.

3.5. SAFETY AT WORK

The Policy of safety at work is one of the key elements strongly supported by the Management Board of Alkaloid, requesting its implementation on all levels of the company. The same applies to all collaborators, guests or individuals who are affiliated with our company in any manner. All operational measures on safety at work are law governed and must be applied through defined procedures and standards.

What is expected of us?

As employees we have the obligation:

- To know and adhere to all procedures, guidelines and policies for environment protection and safety at work
- To immediately inform our supervisor on a possible health or safety related problem, so as to ensure adequate and prompt reaction and to prevent future unwanted problems
- Not to assume that somebody else should report an incident. All information on security and safety fall under the General Services Department (security, safety and hygiene) which is functioning according to certain procedures and guidelines.

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3.6. SUBSTANCE ABUSE - ALCOHOL, MEDICATIONS AND DRUGS

The use or abuse of alcohol, medications or drugs can seriously diminish working responsiveness. This could impair the quality of our work and our products, which seriously violates our key mission to ensure quality. The use of alcohol, medications and drugs can seriously harm the health of our employees, or their safety in any stage of the production process. Alkaloid strongly forbids the use of narcotics. Alcohol consumption at work is strictly forbidden, except in special occasions and when approved by the management.

We advise our employees to seek expert medical opinion when taking prescription medications which have side effects, in order to prevent work-related injuries. The addiction to alcohol, medications and drugs is treated as sickness and we strongly recommend our employees to seek treatment if addicted.

In case we notice an employee working under the influence of these substances, or, consuming them while at work, we must immediately inform our direct supervisor, the Human Resources department or the General Services.

3.7. CHRONIC DISEASES

Discrimination against persons with chronic diseases, including those who are HIV positive, is not allowed and is condemned by Alkaloid. We abide by a non-discriminatory policy and all employees who are undergoing medical treatment are treated with respect, regardless of the fact whether it is a disease, disability or special needs.

What is expected of us?

- To respect and never discriminate coworkers who have chronic diseases or disability.
- Managers should ensure adequate treatment to these persons in working, promotion or hiring process



4. OUR SHAREHOLDERS AND THE PROPERTY

4.1. PROPERTY OF THE COMPANY

Material and non-material property of Alkaloid, as well as the information on the property, are company's assets. They are used to achieve the business goals of Alkaloid, which is why their value must be protected. Any use of material assets or information owned by Alkaloid, by an employee or a company affiliate, in order to acquire personal benefit or benefits for his/her close ones, is forbidden. Any company property or any other type of Alkaloid's asset must be returned to the company upon termination of employment. Confidential information and working with them is a part of our mundane work. Confidential information is any information which is not publicly disclosed and which holds value for Alkaloid and can be in written, electronic or other form. Confidential information includes:

- Information on the prices of products
- Trading secrets and know-how, formulae, recipes and processes
- Results and sale statistics
- Marketing plans and business strategies
- Plans on products launch
- Planned revenues and sales
- Clients, patent rights, employees files
- Research and development information
- Innovations and extensions
- Suppliers lists
- Registration data
- Planned advertising and promotional campaign

What is expected of us?

- To show great awareness about the use and protection of property and confidential information owned by Alkaloid or given to Alkaloid by other party

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- To be fully responsible for the security of confidential information when we are granted access to the information or property of Alkaloid, to show control over them when communicating with third party
- We shall not disclose confidential information or give assets to any party outside Alkaloid without prior approval from our direct supervisor or without signing a Confidentiality Agreement. We shall never discuss confidential information in public places.
- Our responsibility for confidential information does not end with our termination of employment and leaving Alkaloid and is regulated in an article from our Employment contract.
- In case we notice misuse of any property of Alkaloid we must immediately inform our direct supervising manager, the Human Resources, the Internal Control and Audit or the General Services. (security)

4.2. CONFLICT OF INTEREST

Alkaloid expects from all employees to eliminate any possibility of conflict of interest or any potential situation which may lead to it.

A conflict of interest occurs when your decisions or activities as an employee of Alkaloid will grant you direct future personal benefit.

Alkaloid supports investments and free personal involvement in the social life and business related environment, but an employee must under no circumstances make personal benefit which is in conflict with the interests of Alkaloid. The same applies to all decisions or activities done while at work and which are contrary to the Alkaloid's interests.

What is expected of us?

To avoid any conflict of interest, whether current or prospective, which may occur while we perform our work.

This Code does not address all possible situations of conflict of interest, but the following examples may help us clarify a situation:



- We or members of our closer family have significant financial interest in any company that is Alkaloid's competitor
- We work, without written permission, as a director, officer, consultant or advisor in another organization which is currently or potentially a competitor to Alkaloid or is in any way related to Alkaloid
- We are engaged on a duty outside Alkaloid, without prior approval by the management, if the duty is of competitive or potentially competitive nature for Alkaloid and if that duty reduces our work potentials, responsiveness, effectiveness and productivity
- We or members of our family directly or indirectly accept paid vacation, money, counter-value of money, jewelry, services, payments on our behalf, loans, gifts or entertainment from an individual or organization which is in competitive or other relation with Alkaloid
- We deliberately compete with Alkaloid in purchasing or selling material or non-material property
- We take advantage of a moment to gain direct or indirect personal profit in situations when Alkaloid has or intends to have interest
- A "member of a family" or a "close member of a family" is a person who lives at our home or whose ties or relationships affect the decisions on behalf of a company competitor of Alkaloid.

Before undertaking any activity and if there is a potential conflict of interest, our responsibility is to provide written approval from our supervisor or the person in charge in Alkaloid.

4.3. GIFTS

An occasional gift exchange or social entertainment, which has nominal value, can possibly occur while doing our work. This policy is based on standards and limitations in giving and receiving a gift, or socializing, whether with a person, organization or institution affiliated with Alkaloid and our business activities. Accepting inappropriate gratuities can create conflict of interest or can be interpreted as an attempt to influence a business judgment by a third party. This can be detrimental to the image of Alkaloid and its relations with clients.

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What is expected of us?

We may accept a party or social event if:

- It is legally and ethically justified
- Impromptu and impossible to avoid
- Customary and of reasonable value
- As a support to Alkaloid, and not for personal interest

Travel and hotel accommodation must not be accepted as they are not classified as social entertainment or party and are not of reasonable value.

We may accept trinkets of nominal value such as pens, cups, calendars, notepads etc. provided these gifts are:

- Occasional
- Customary in business relations

We, or a member of our family, must not accept or request from a client or potential client of Alkaloid any gift or compensation in, but not limited to, the following cases:

- Anything that can be illegal
- Counter-value or counter-favor "quid pro quo"
- Paid vacations
- Money
- Value for money (cheques, bonds, certificates etc.)
- Shares, options or securities or stock market derivatives
- Favors of unusual value
- Loans
- Special discounts (with the exception of those offered to the employees of Alkaloid)

This addition applies to employees included in Alkaloid purchase departments which will be a subject to additional limitations as regards gifts or social entertainment with the sellers of our products or our clients. It is necessary to



discuss or consult the direct supervisor to define additional rules and procedures for the employees in these departments.

When in doubt whether to accept a gift or entertainment or not, we must take into account:

- Why are we given the gift or the invitation?
- How will the acceptance affect others?
- Are we pressured to return the favor?
- Will the acceptance of the gift or the invitation influence our decision or judgment?
- Was there an attempt to conceal the invitation or the gift?

In case we have any doubts whether to accept the offered, we must present the situation to our supervisor or the HR manager and request further instructions.

4.4. STOCKS TRADE

The employees of Alkaloid, who are shareholders in the company, have the obligation to adhere to all trading rules established with the stocks requirements and the legal provisions of the Republic of Macedonia.

What is expected of us?

Alkaloid AD – Skopje does not perform speculative stock trading and expects the same from its employees, that is, shareholders. In case there are indications of speculative trade, Alkaloid AD – Skopje shall inform the Macedonian Stock Exchange and the Securities and Exchange Commission and shall request investigation on a possible loss for the Company or its shareholders.

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4.5. OUR PUBLICATIONS – INFORMATION, BOOKS, BROCHURES, RECORDS

All company information of financial, legal or regulatory nature must contain accurate data for our shareholders. It is our obligation to provide precise reports which are detailed and timely, so as to give real picture about the work of Alkaloid.

What is expected of us?

- Never to publish confidential, unapproved or unverified information or record
- Never to produce falsified, staged, ambiguous and incomplete report
- To abide by the laws, the IFRS requirements and procedures on reporting financial information
- Never to sell, transfer or submit information or property of Alkaloid without prior approval and documentations
- To cooperate with internal and external auditors
- To contact our Internal Control and Audit for issues related to financial transactions and records

If in situation to be asked or ordered to produce a falsified document, or, present inaccurate data, we must immediately inform our supervisor, the Internal Control and Audit or the HR manager.

4.6. E-MAIL, COMPUTERS AND COMPUTER NETWORK SAFETY

Computer technology – hardware, software, network and processed information - is of essential significance for the success of Alkaloid. Every employee who uses the information system of Alkaloid plays an important role in the operational system, its dimension and its main purpose. It's worth noting that the electronic communication is not totally private and is exclusively owned by



Alkaloid. There is a danger that confidential information communicated via e-mail could be publicly distributed. Each e-mail must be copied to the direct supervisor and to the hierarchy that should be aware or be involved in the message. For this purpose, Alkaloid AD – Skopje made a decision that any communication via the electronic mail address of Alkaloid is considered to be an official document.

Consequently, records from our e-mail system can be used for various reasons and may be a subject to surveillance, so as to ensure that the use of ICT is complying with the policy of Alkaloid as envisaged and approved. This must always be taken into account when using internet or electronic mail.

What is expected of us?

- To use the system reasonably and for business related goals
- To safeguard the security of our system
- Not to use the electronic communication for harassing, offensive, abusive, pornographic or in any way vulgar content
- Not to use the electronic communication for distributing licensed or patent materials (studies, scientific works, programs, software, etc)
- Not to forward chain letters, advertisements or any other type of electronic material unless approved by the supervisor
- To protect the information used to enter the system of Alkaloid, such as factory codes, personal data, passwords, codes, entrance passes etc.

5. The public and the society

5.1. PREVENTION OF CORRUPTION AND BRIBERY

The employees of Alkaloid who work with clients, especially with government institutions and their officials, must abide by the relevant laws and regulations, as well as the business standards of Alkaloid.

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What is expected of us?

The employees in International Operations must fully comply with the international anti-corruption laws. They must follow the payment operations standards of the government where they work, the political ambience and company records.

Employees must not offer or pay sponsorship to political candidates, legal entities, and political parties or their representatives, government officials or government employees in order to get or preserve a job or acquire any other improper benefit. This ban also refers to representatives and employees in government companies or international public organizations, as the WB or the WHO. The same applies for Alkaloid and employees of companies or organizations from the private sector.

Payment to a third party as bribery is forbidden. Payment understands everything that is of value, such as gifts, money, services or job offers.

Justified political activity is not forbidden by this policy, provided it defends long-term interests of Alkaloid or the pharmaceutical industry of which Alkaloid is a part. For additional consultations on this issues, as well as on the issues in this chapter, a detailed consultation with the Management Board is required as well as their executive decision.

5.2. PERSONAL POLITICAL CONTRIBUTIONS

By being a company which developed its operations in other countries of their own political systems, Alkaloid does not prevent its employees from considering political contribution as a personal right to conviction or affiliation, and not as an official policy or political support to a political party in the countries where the company has its operations. In order to protect the interests of the company and to avoid possible repercussions, the employees shall present their political beliefs, lobbying or activities exclusively as their own.



What is expected of us?

- Our political contributions can only be performed during our free time and with our personal resources.
- We must keep separate our political activities from our activities in Alkaloid. It is unacceptable to use working hours or company's assets and equipment for our personal political goals
- The use of the time and resources of Alkaloid for personal political purposes will be treated as breach of this Code of Conduct
- When contacting a government official, we must always give accurate information and avoid any falsification which could harm our company
- When communicating with government officials or agencies, we must undertake steps to protect the interests of Alkaloid
- We must always seek advice from the corporate management before responding to certain requests by the government institutions which are not of routine character
- We must make sure that all records, which are of public nature and come as response to a requirement from the government, are relevant, and/or any possible court resolution is envisaged, settled and agreed upon.
- Destroying all information, whether printed or electronic, is forbidden and is for the benefit of the company

5.3. ALKALOID AND THE ENVIRONMENT

Alkaloid is dedicated and fully responsible for the protection of the environment, the employees' health and safety, which is clearly shown in its policy, its mission and vision.

We are committed to preserving good practices for optimal utilization of resources, thus contributing to the preservation of nature against pollution, which is of global importance.

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What is expected of us?

- To work and be responsible for the social and human environment
- To continuously improve environment protection
- To abide by legal provisions
- To preserve the working and human environment as an integral part of the planning and decision making processes.
- When witnessing or noticing potential risk of polluting the environment in any form, we must immediately inform the General Services department/ Security, Protection and Hygiene and the Pharmaceutical Quality Assurance
- Alkaloid works in an industry which is stringently regulated in this aspect. In addition, the State has adopted laws on protection which must be followed strictly, and we must prove to be accountable and present the situation as it is

5.4. EXTERNAL COMMUNICATION WITH INVESTORS AND MEDIA

The key factor for our success is the reputation of Alkaloid in the public. In these times of quick, easy and simple exchange of information, public relations must be coordinated by specialized persons prepared to inform promptly and accurately. All messages distributed by an official person from Alkaloid, must be clear and in accordance with the policy, goals and needs of the company. It is important for the image of Alkaloid and its credibility before the shareholders, that all information is accurate, complete and current.

With this aim, Alkaloid AD – Skopje, continuously informs its shareholders and investors on the current state, new situations and periodic financial achievements and results in transparent and timely manner.

What is expected of us?

We must never release information of our short-term or long-term plans, future operations or policy outside Alkaloid. We must never release information on the



price policy without authorization. It is the duty of the CEO, the sales managers, finance manager or appointed managerial representatives who can communicate information of this kind.

Should we receive questions from a medium or other outside organization, we must direct them to the Corporate PR management. This applies for official requests for interviews, as well as other enquiries by radio, TV stations, newspapers, magazines, local or international business media or internet sites. The persons responsible for PR will respond on behalf of Alkaloid or will assist in delegating a person who will respond to the request. Should we receive a personal request for an interview, for a personal or private activity we perform, or membership in an organization, party or association, it is necessary that we inform our supervisor on the topic of the interview and request an approval from the Marketing and Communications Department.

We must take into account a possible conflict of interest, such as promotion of a product that is not Alkaloid's, promotion of a competitor organization or undervalue the work of Alkaloid.

5.5. REQUESTS FOR FINANCIAL INFORMATION OR ANALYSES

This does not apply to routine texts in medical journals or specialized meetings of physicians, pharmacists or medical personnel with which Alkaloid has cooperation. Responsible for releasing this kind of information is the CEO, the Finance Manager or the Internal Control and Audit upon permission granted by the CEO.

5.6. EXPORT CONTROL, BOYCOTTS (EMBARGO) AND TRADE RESTRICTIONS

Macedonia, as a member state of world trade associations and organizations, has signed acts on compliance with decisions on banning trade with third countries which are subject to these bans. These trade restrictions and bans are individually considered and the management of Alkaloid practices the policy of their implementation in the interest of the company.

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What is expected of us?

- When starting a job in a new country, new client or supplier, we must check if there are any restrictions which would affect the cooperation or the image of Alkaloid
- We must check if special requests are needed for export, financial transactions or product distribution in those countries. This is very important with regards to transfer of technology and intellectual property. Sometimes, Alkaloid needs to open its doors to visits or inspections by relevant institutions or companies which have joint interest with Alkaloid
- When trading internationally, it is necessary that we make sure that our work is in concordance with the export control or trade restrictions if such exist
- Before contracting export of our products to other countries, all contracts must be harmonized with the Legal Department of Alkaloid
- We must make sure that all imports or exports are in compliance with the customs and tax authorities in the countries where we have our operations and that all information is accurate and true

6. PERSONAL COMMITMENT

This Code of Conduct lays down the foundations of good practices and values in our company. We should dedicate some time to read these policies and to discuss them with our direct supervisors, the HR manager or the top management.

We need to understand the principles in this Code and to shape our behavior according to its guidelines.

This brochure should serve as a manual for building credibility, respect for the interests of Alkaloid, our clients and collaborators.

In the end, the image of Alkaloid depends on our personal integrity, our good judgment and our dedication to the company.



CODE

of ETHICAL

The following policies and procedures have been approved by the management of Alkaloid and are in compliance with the implemented standards. They apply at all posts where Alkaloid has its operations.

1. Code of Ethical and Business Conduct
 - our clients and the markets of our presence
 - our employees, affiliates and the environment
 - our shareholders and ownership
 - the public and society
 - personal dedication
2. Quality Policy
3. Procedure Manual on Quality and Environment
4. Environment Master Plan
5. Procedure on Managerial Quality System Reexamination
6. Procedure on Procedure Writing
7. Procedure on Document Control
8. Procedure on Record Control
9. Procedure on Production Realization
10. Procedure on Internal Check
11. Procedure on Correction and Prevention Measures
12. Procedure on Staff Recruitment and Selection
13. Training Procedure
14. Procedure on Data Management and Protection
15. Procedure on Business Planning and Reporting
16. Procedure on Sale and Marketing
17. Procedure on Procurement
18. Procedure on Production
19. Procedure on Deliverers
20. Procedure on Risk Management
21. Procedure on Complaints, Refunds and Product Retrieval
22. Procedure on Change Control
23. Procedure on Communication
24. Procedure on Environment Issues Identification and Control

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Note:

This manual for the employees is available on the web-site of Alkaloid at <http://www.alkaloid.com.mk>

The internet version will contain all possible amendments to this manual made after the printed publication



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