

**RULES OF PROCEDURE
OF THE BOARD OF ADMINISTRATORS OF Farmaceutica REMEDIA S.A.**

Farmaceutica REMEDIA S.A. is a Romanian company registered with the Trade Registry under no. J20/700/1991 with tax identification number 2115198 legally organised as an open joint stock company with a unitary management system.

As a company accepted for trading in the Standard category, our company committed to comply with the Corporate Governance Code issued by the Bucharest Stock Exchange.

The company's management bodies are the General Meeting of Shareholders and the Board of Administrators.

The Board of Administrators of Farmaceutica REMEDIA S.A. is responsible for establishing the main directions of activity and development of the *company* except for those reserved by the law for the General Meeting of Shareholders.

The board operates on the basis of these Rules and of the legal regulations in force.

General provisions on company management and representation

The company is managed by a Board of Administrators made up of at least 3 administrators as per article 14.1 of the company's Articles of Incorporation who are jointly responsible towards the Company, regardless of their citizenship or nationality, be it Romanian or foreign.

The administrators will be elected by the Ordinary General Meeting of Shareholders for a mandate of maximum 4 years and their mandate may be renewed for a period decided by the Ordinary General Meeting of Shareholders.

The members of the Council may be appointed through the cumulative voting method according to the applicable legal provisions.

An administrator's mandate is terminated:

- a) Through its revocation by the Ordinary General Meeting of Shareholders;
- b) Upon the administrator's death;
- c) When the administrator gives up the mandate for causes that are not attributable to him/her, against a written notification sent to the Chairman of the Board or at the Company's registered office;
- d) If legal impediments occur which prevent the administrator from occupying this position;

The majority of the Board of Administrators will be made up of non-executive administrators.

The administrators must submit their signatures at the Trade Registry within 15 days from their appointment.

The impossibility of an administrator to fulfil his/her function constitutes a vacancy. If such vacancy affects one or several positions of administrators, the Board of Administrators proceeds to

appointing new temporary administrators until the reunion of the Ordinary General Meeting of Shareholders.

If the abovementioned vacancy causes the number of administrators to drop below the legal limit, the rest of the administrators convene an immediate Ordinary General Meeting of Shareholders to complete the number of members of the Board of Administrators.

The administrators' remunerations are established in accordance with the provisions of the Company's Articles of Incorporation and Remuneration Policy.

General provisions on the functioning of the Board of Administrators

a. Convening and organising the meetings of the Board of Administrators

The Board of Administrators will organise its first meeting as soon as possible after the taking over of the mandate by its members; further on it shall meet in accordance with the provisions of the Articles of Incorporation and of the applicable legislation in order to properly fulfil its duties.

The members of the Board of Administrators will make reasonable efforts to participate at all the meetings of the Board and to be prepared for such meetings.

To ensure the functionality of such board meetings, the following rules shall be applied:

- a) The meeting start time must be respected;
- b) The members of the Board must be allowed to ask questions to the people who drew up the documents submitted for analysis so as to detail out any unclear aspects;
- c) Members must be allowed to talk, express opinions and propose solutions for the improvement of the activity related to the discussed field;
- d) The Board's decisions must be drawn-up very clearly;
- e) Administrators who do not agree or abstain must clearly state their opinion so as to have it written down in the minutes;
- f) Absent Administrators must read the minutes and the adopted decisions and sign for acknowledgement and if they have a different viewpoint, they must mention it in writing.

Meetings are convened in accordance with the applicable legal provisions.

Each Administrator will have a vote in the Company's Board of Administrators. The Board of Administrators meets at the Company's headquarters at least once every 3 months or whenever necessary at the request of the Chairman or of at least 2 of its members or of the General Director.

The Board of Administrators will be presided over by the Chairman. The Board of Administrators is validly convened in the presence of the majority of its members and it may make decisions with the absolute majority of those present.

In case of a tie vote, if the Chairman does not have a decisive vote, the proposal subject to voting is considered rejected.

The Board of Administrators may also organise meetings via the telephone, the Internet or other remote communication means – provided that all the members attending the meeting have the physical possibility to take part in the discussions and to hear all the items on the agenda. A written document must be signed within maximum 15 days from the meeting date; this document shall mention all discussions and decisions made, the number of votes and the separate opinions of the Administrators.

b. The Secretary of the Board of Administrators

The works of the Board meetings will be prepared by the secretary of the Board of Administrators who will give his/her full support for the development of the Board meetings.

The Secretary of the Board of Administrators will:

- a) Keep the discussed or presented documents or any other documents related to each Board meeting;
- b) Keep accurate and complete records of the Board's decisions in a special registry;
- c) Process all requests coming from the Administrators about any necessary information and documents concerning the organisation of these Board meetings;
- d) Communicate the Board's decisions to the relevant people in the Company;
- e) Draw-up a minute after each Board meeting; this minute will mention its date and place, the observance of the convening procedure, the name of the participants, the agenda, a summary of the debates, the separate opinions and the decisions made, mentioning the majority obtained at the vote. The minute is signed by the chairman of the meeting and by at least one other Administrator.

Guided by the Board Chairman, the Secretary will also be responsible for ensuring a proper information flow among the Board members.

Duties of the Board of Administrators and of the Chairman of the Board of Administrators

The duties of the Board of Administrators are the following:

- a) To establish the main directions of activity and development of the *Company*;
- b) To establish the accounting and financial control system and to approve the financial planning;
- c) The Board of Administrators may choose to delegate the management of the *Company* to one or several Directors, appointing one of them General Director. The organisation of the Directors' activity will be established in a decision of the Board of Administrators;
- d) To appoint and revoke Directors and establish their salary;
- e) To establish any additional remunerations for the members of the Board of Administrators who have specific functions within the general limits established by the General Meeting of Shareholders;
- f) To monitor the Directors' activity (the Board of Administrators represents the *Company* in its relations with the Directors);
- g) To prepare the annual report, to organise the General Meeting of Shareholders and to implement its decisions;
- h) To file the request for the opening of the insolvency procedure for the *Company* according to Law 85/2006 on insolvency;
- i) To move the *Company's* headquarters;
- j) To exchange the *Company's* object of activity, except for the *Company's* field and main object;
- k) To set up or close any secondary offices: branches, agencies, offices or any similar units with no legal personality;
- l) To increase the share capital and design the procedure to follow in compliance with the current Articles of Incorporation and the other applicable laws within the limits set forth by the Extraordinary General Meeting of Shareholders;

- m) To enter into documents of acquisition or sale, to sign exchanges or set up part of the *Company's* fixed assets as securities if their individual or cumulated value in a financial year does not exceed 20% of the total fixed assets minus the receivables. If their individual or cumulated value exceeds in a financial year 20% of the total fixed assets minus the receivables, the documents listed in this paragraph will be concluded by the Administrators or Directors of the *Company's* Extraordinary General Meeting of Shareholders;
- n) To analyse and debate upon the report of the General Director and of the other Directors;
- o) To elect the Chairman of the Board of Administrators;
- p) To approve the marketing tactic and strategy, the *Company's* development policy and sales policy;
- q) To organise the *Company's* own control;
- r) To approve the conclusion of legal documents between the *Company* and any third parties in order to achieve the *Company's* object of activity; to approve bank loans of up to 1,000,000,-- Euro;
- s) To observe and fulfil all transparency and reporting requirements set forth by the legal regulations in force, including the ones issued by the National Securities Commission and respectively by the operators of the regulated markets where the securities issued by the Company are traded.

The duties of the Board of Administrators' Chairman are the following:

- a) to convene the General Meeting of Shareholders at the proposal of the Board of Administrators or at the request of the shareholders holding at least 5% of the share capital either together or separately;
- b) to preside over the meetings of the Board of Administrators and over the General Meetings of Shareholders;
- c) to represent the Company in its relations with third parties, when the General Director is absent;
- d) the Chairman of the Board of Administrators will be appointed by the Board of Administrators which is also entitled to revoke his/her function;
- e) the Chairman of the Board of Administrators may also be appointed General Director.

The Chairman will organise and manage the activity of the Board of Administrators encouraging an open, constructive dialogue within the same with the participation of all members and providing the best possible conditions for the board's operations. Moreover, s/he will submit to the Board the proposals that s/he considers fit for the good functioning of the Board and of any other Company structures and monitor the accurate enforcement of the decisions adopted by the Board.

The Chairman will make sure that the Board goes through an annual self-assessment.

The Committees of the Board of Administrators

The Board appoints Committees made up of its members in order to perform specific duties. Such Committees will assist the Board by preparing matters which fall under its sphere of competence.

The Board remains jointly responsible for the decisions and actions of any Committee. Any Committee will only fulfil the duties delegated by the Board without exceeding the authority and

power of the entire Board. No decision which must be taken by the Board in accordance with the law may be delegated to a Committee.

Each Committee informs the Board about the actions it carries out and the important evolutions brought to its attention. The Board receives a report from each Committee describing its actions and findings.

If the mandate of an Administrator remains vacant for any reason whatsoever, the administrator in question stops being a member of any Board Committee. The Board will immediately appoint an Administrator among the ones still in function to replace the respective member in the Board Committees.

Provided that the necessary legal criteria are met, the following Committees must be set up:

a) The Nomination Committee

The Nomination Committee, made up of non-executive members, will manage the procedure for the nomination of new Board members and make recommendations to the Board. The majority of the members of the Nomination Committee must be independent, according to the requirements of the Corporate Governance Code issued by the Bucharest Stock Exchange.

b) The Remuneration Committee

The Remuneration Committee, made up of non-executive members, prepares an annual report on remuneration, presenting the remuneration-related activities and policy for the previous year; it also gives a description of the proposal concerning the remunerations planned for the next year.

c) The Audit Committee

The Audit Committee must have at least one member who is an independent non-executive administrator and the majority of its members must be independent. This Committee must ensure the integrity of the financial reporting and of the internal control system, including the internal and external audit procedures.

Key company management functions. General Director

The General Director has the following duties and obligations:

- a) To represent the Company in relations with the shareholders, third parties and representatives of the employees in accordance with the law and the current Articles of Incorporation;
- b) To employ and dismiss the staff of the Company with the approval of the Board of Directors in the case of directors;
- c) To approve the job descriptions and salaries of all Company employees with the approval of the Board of Administrators in the case of directors;
- d) To propose changes to the organisational chart of the Company to the Board of Administrators;
- e) To approve sanctions for the company staff with the approval of the Board of Administrators in the case of directors;
- f) To propose the bonus system for the company staff to the Board of Administrators;
- g) To propose the people who should have the right to sign bank documents and the limitations of such rights to the Board of Administrators;
- h) In the absence of a decision from the General Meeting of Shareholders or of the Board of Administrators, the General Director will be able to commit the company up to an amount representing at the most the equivalent in lei of EUR 100.000 but no more than 20% of the total fixed assets minus the receivables for the individual or cumulated financial operations from one financial year'
- i) To report to the Board of Administrators;
- j) To be liable for having exceeded his/her duties.

The General Director of the Company reports to the Board of Administrators.

The General Director is liable for having exceeded his/her duties.

The General Director may also be the Chairman of the Board of Administrators.

The General Director is liable for the fulfilment of the decision of the Board of Administrators and of the business plan.

The other people with management positions have the competencies and responsibilities listed in their job descriptions.

Provisions on conflict of interests at the level of the Board of Administrators

According to article 144¹ of Law no. 31/1990 on companies, republished, the members of the Board of Administrators will exercise their mandate with the prudence and diligence of a good administrator. The administrator does not breach this obligation if when s/he makes a business decision s/he is reasonably entitled to believe that s/he is acting in the best interest of the company and on the basis of some adequate information.

According to Law no. 31/1990 a business decision is any decision to take or not to take certain measures regarding the management of the company.

The members of the Board of Administrators will exercise their mandate with loyalty, in the Company's best interest.

The members of the Board of Administrators will not disclose any confidential information and commercial secrets of the Company which are brought to their knowledge in their capacity as Administrators. This obligation remains valid after the termination of their Administrator mandate.

Also, according to the provisions of article 144³ of Law no. 31/1990 on companies, republished, the Administrator who has interests that go directly or indirectly against the Company's own interests with regard to a certain operation must notify the other Administrators and the internal auditors of this situation and refrain from taking part in any debate about that particular operation. The same obligation falls to Administrator who knows that his/her spouse, family or relatives up to the 4th degree are interested in a certain operation. The Administrator who does not comply with these obligations is liable for the damages caused to the Company.

If the provisions of the Articles of Incorporation do not state otherwise, any prohibition for the Administrators to participate, debate or vote on certain matters does not apply is the object of the vote refers to:

a) The offer to subscribe Company shares or bonds made to an Administrator, to his/her spouse, family or relatives up to the 4th degree;

b) The granting of a loan by the Administrator or by his/her spouse, family or relatives up to the 4th degree or the setting up of a guarantee to the benefit of the Company;

Article 144⁴ of the same law imposes the prohibition for the Company to credit its Administrators through operations such as:

a) giving loans to the Administrators;

b) giving financial advantages to the Administrators upon or after the signing by the Company together with the former of operations such as delivery of goods, provision of services or execution of works;

c) providing total or partial direct or indirect guarantees for any loans granted to the Administrator either concomitantly or after the granting of such loan;

d) providing total or partial direct or indirect guarantees for the fulfilment by the Administrator of any other personal obligations of theirs towards any third parties;

e) the total or partial acquisition for a consideration of a receivable whose object is a loan granted by a third party to the Administrator or another personal service of the latter.

These provisions also apply to the operations of interest for the Administrator's spouse, family or relatives up to the 4th degree included. Also, if the operation refers to a civil or commercial company where one of the previously mentioned individuals is either an Administrator or holds a

share of at least 20% of the value of the subscribed share capital either alone or together with one of the abovementioned people.

The abovementioned provisions concerning the prohibition for the Company to credit the Administrators do not apply:

a) in the case of operations whose cumulated eligible value is below the equivalent in lei of the amount of 5,000 euro;

b) if the operation is concluded by the company during its ordinary activity and the clauses of the operations are not more favourable to the people mentioned in paragraphs (1) and (2) of article 1444 of Law 31/1990 (i.e. the Administrators, his/her spouse, family or relatives up to the 4th degree included) than the ones which the company would normally use towards other third parties.

Article 150 of the same law states that if the Articles of Incorporation does not stipulate differently and bearing in mind the provisions of article 44¹ (the acquisition by the company within maximum 2 years since its set-up or since it was authorised to start its activity of an asset from a founder or a shareholder against an amount of money or other benefits representing at least one tenth of the value of the subscribed share capital shall be subject to the prior approval of the general meeting of shareholders, except for the acquisition operations carried out within the usual company activities, at the request of an administrative authority or of a court or for any stock-exchange operations), under the penalty of the contract's nullity, the administrator will be only allowed to sell to, respectively to acquire from the Company in his/her own name assets amounting to more than 10% of the value of the company's net assets with the approval of the Extraordinary General Meeting of Shareholders. These provisions also apply to any rental or leasing operations. The amount shall be calculated by comparison with the approved financial statement of the financial year previous to the year of the operation or, depending on the case, at the value of the subscribed share capital if such financial statement was not yet submitted and approved.

The provisions of article 150 also apply to the operations where one of the parties is the spouse of the Administrator or his/her family or relative up to the 4th degree included. Also, if the operation is concluded with a civil or trading company where one of the previous mentioned people is either an Administrator or a director or holds a share of at least 20% of the value of the subscribed share capital either alone or together, except for the case when one of these companies is a subsidiary of the other.

President of the Board of Administrators,

„TARUS” – Valentin Norbert TARUS e.U.

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