

APPROVED
President Board of Administration

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Regulation of organization and functioning
S.C Farmaceutica REMEDIA S.A.

CHAPTER I
GENERAL PROVISIONS

Art. 1 The Regulation of Organization and functioning has been issued according to the legal provisions in force, Articles of Incorporation of Farmaceutica REMEDIA S.A. (Company) and was approved by the Board of Administrators (BA).

(2) The provisions of the Regulation shall be supplemented by the Labour Code, the Law. 31/1990 of the Ministry of Health Order no. 1199 / 2004.548 / 2005 of the Internal Rules and other normative acts regulating specific activity of companies, rights, obligations and responsibilities of employees with work instructions, decisions, special events and other provisions of the company's management.

Art. 2

Farmaceutica REMEDIA S.A. is a Romanian legal person having the legal form of a joint stock company and operates in accordance with Romanian law, with the Articles of Incorporation and this Regulation.

CHAPTER II
ORGANISING AND FUNCTIONING of Farmaceutica REMEDIA S.A.

Art. 3 Farmaceutica REMEDIA S.A. este o societate care are in componenta unitati care asigura asistenta in ambulatoriu a populatiei cu produse farmaceutice, parafarmaceutice, dermato - cosmetice, dispozitive medicale si naturiste, in care se executa si prescriptii magistrare si oficinale, conform clasificarii CAEN 4773 - comertul cu amanuntul al produselor farmaceutice, obiectul principal de activitate al Societatii.

Farmaceutica REMEDIA S.A. is a company that comprises units that provide assistance outpatient population with pharmaceuticals, para-pharmaceuticals, dermo - cosmetics, medical devices and naturals, including the magisterial prescriptions and officinal, according to the classification NACE 4773 - retail of pharmaceuticals, the core business of the Company.

Art. 4 Farmaceutica REMEDIA S.A. has its registered office in Romania, Deva, 43, Dorobantilor Str., Hunedoara County.

I. The organizational structure

The management of Farmaceutica REMEDIA S.A. is performed by:

- The General Meeting of the Shareholders;
- The Board of Administrators;
- The General Director.

The General Meeting of the Shareholders

Art. 5 The General Meeting of Shareholders is the Company's supreme decision making body, which decides all matters of interest to the Company. The General meetings are ordinary and extraordinary.

Art. 6 The duties of the General Meeting of Shareholders are:

6.1. The Ordinary General Meeting of Shareholders has the following main prerogatives:

- a) to discuss, approve or amend the annual financial statements based on reports presented by the Board of Administrators or the financial auditor, and to set the dividend;
- b) to establish the revenue and expenditure budget and, as applicable, the activity schedule for the next financial year;
- c) to elect and revoke the administrators;
- d) to appoint and set a minimum term of the financial audit agreement, and to revoke the financial auditor;
- e) to decide upon the management of the Board of administrators;
- f) to decide to pledge, lease or dissolve one or more of the Company's units;
- g) to decide to sue administrators or financial auditors for damages caused to the Company, by appointing a person in charge of filing such action with the court.

6.2. The Extraordinary General Meeting of Shareholders has the following prerogatives:

- a) to change the legal status of the Company;
- b) to decrease or restore the share capital by issues of new shares;
- c) to increase the share capital; -
- d) to merge with other companies or to spin off the Company;

- e) to early dissolve the Company;
- f) to issue bonds and to convert a category of bonds into a different one or into shares;
- g) to convert shares of one category into another;
- h) to convert nominative shares in bearer shares or bearer shares into nominative shares;
- i) any other amendments to the Articles of Association or any other resolution in respect of which an approval from the Extraordinary General Meeting of Shareholders is required;
- j) to delegate the share capital increase prerogative to the Board of Administrators for a time period of maximum one year. Such delegation may be renewed for time periods of maximum one year each, within the limit set by the Extraordinary General Meeting of Shareholders.

Board of Administrators

7.1. The Company is managed by a Board of Administrators composed of minimum 3 administrators, jointly liable to the Company, irrespective of their citizenship or nationality.

7.2. The Board will act as a collective body, on the basis of an accurate and complete information and of the internal regulation of the Board, including the terms of reference/responsibilities for Board and key management functions of the company, applying the General Principles of the new Code of Corporate Governance of BSE valid since 4 January 2016.

7.3. The Administrators shall be elected by the General Meeting of Shareholders for a time period of maximum 4 years. Their mandate may be renewed for a time period established by the Ordinary General Meeting of Shareholders. The Administrators may be revoked at any time by a resolution of the Ordinary General Meeting of Shareholders. The majority of members of the Board shall be composed of non-executive administrators.

7.4. The Administrators' powers, liability and remuneration shall be regulated by the decision of the General Meeting of Shareholders whereby they are appointed.

7.5. The Board constitutes Audit Committee, Remuneration Committee and Nomination Committee.

7.6 The Audit Committee evaluates the efficiency of the internal control system and risk management system and monitors the application of statutory and generally accepted standards of internal auditing, based on the reports of the internal audit team.

The internal audits should be carried out by the internal audit department of the within the Society that reports functionally to the Board via the Audit Committee For administrative purposes and in the scope related to the obligations of the

Management to monitor and mitigate the risks, it should report directly to the General Director.

7.7 The company should publish the remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.

7.8 The Board of Administrators may delegate the management of the *Societati* to more Directors, nominating one of them as General Director. The President of the Board of Administrators may be nominated as General Director.

7.9 The General Director represents the Society in relationship with the shareholders, third parties and employees representatives as provided by the legislation and the Articles of Incorporation.

7.10 The Directors, as well as the members of the Board, are obliged to attend the General Meeting of the Shareholders.

7.11 The Directors may be nominated out of the Administrators or out of the Board. The Directors are responsible with all measures related to the Society management, in the limits of its object of activity, respecting the exclusive competences reserved by the law or by the Articles of Incorporation, by the Board, respectively by the General Meeting of the Shareholders.

7.12 The prerogatives of the Board of Administrators are the following:

- a) to set the main directions of activity and development of the Company;
- b) to establish the accounting and financial control system and to approve financial planning;
- c) the Board of Administrators may delegate the management of the Company to one or more managers, by appointing one of them as Managing Director. The organization of the activity of managers shall be established by a decision of the Board of Administrators;
- d) to appoint and revoke managers and to set their remuneration;
- e) to set the additional remuneration of members of the Board of Administrators in charge of specific functions, within the general limits set by the General Meeting of Shareholders;
- f) to supervise the activity of managers (the Board of Administrators represents the Company in its relations with the managers);
- g) to prepare the annual report, to organize the General Meeting of Shareholders and to implement its resolutions;
- h) to file an application for the initiation of insolvency proceedings against the Company under Law no. 85/2006 on Insolvency Proceedings;
- i) to change the office address of the Company;
- j) to change the Company's scope of activity, except for the main activity area and scope of the Company;
- k) to incorporate and dissolve secondary offices: branches, agencies, representative offices or other such units without legal personality;

l) to increase the share capital and to establish the procedure to be followed in compliance with these Articles of Association and the laws in force, within the limits established by the Extraordinary General Meeting of Shareholders;

m) to conclude documents referring to the acquisition, disposition, exchange or creation of guarantees over assets belonging to the category of fixed assets of the Company the value of which does not exceed, individually or cumulatively, 20% of the total fixed assets, except for receivables, during the term of a financial year. In the event that such value exceeds, individually or cumulatively, 20% of the total fixed assets, except for receivables, during the term of a financial year, the documents listed under this paragraph shall be concluded by the administrators or managers of the Company only based on a prior approval by the Extraordinary General Meeting of Shareholders;

n) to review and discuss the report of the Managing Director and of the other managers;

o) to elect the Chairman of the Board of Administrators;

p) to approve the marketing tactics and strategy, the Company's development policy and the sales policy;

q) to organize the Company's own control;

r) to approve the conclusion of legal documents by the Company with third parties for the attainment of the Company's scope of activity; to approve the contracting of bank loans up to an amount of EUR 1.000.000,--;

s) to comply with and fulfill all transparency and reporting requirements established by the legal rules in force, including those issued by NSC, and by the operators of regulated markets in which the securities issued by the Company are traded.

7.13 The Chairman of the Board of Administrators has the following prerogatives:

a) to convene the General Meeting of Shareholders based on proposals by the Board or on requests from shareholders individually or cumulatively holding at least 5% of the share capital;

b) to run the meetings of the Board and the General Meetings of Shareholders;

c) may represent the Company in its relations with third parties in the absence of the General Director.

7.14 (1) The Chairman of the Board shall be appointed by the Board of Administrators, a body having also the right to revoke him/her from his/her position.

(2) The Chairman of the Board of Administrators may be appointed also as General Director.

GENERAL DIRECTOR

Art. 8 The General Director has the following prerogatives and obligations:

a) to represent the Society in its relations with shareholders, third parties and employees' representatives under the law and these Articles of Association;

b) to hire and fire the staff of the Society, based on approvals by the Board of Administrators in respect of managers;

- c) to endorse the job descriptions and salaries of all employees of the Society, based on approval by the Board of Administrators in respect of managers;
- d) to propose to the Board of Administrators to amend the organizational chart of the Company;
- e) to approve sanctions to the Society staff, based on approval by the Board of Administrators in respect of managers;
- f) to propose the bonus system for the Society staff to the Board of Administrators;
- g) to propose the persons to have a signature right with the bank, as well the limits of such right to the Board of Administrators;
- h) in the absence of a resolution of the General Meeting of Shareholders or of the Board of Administrators, the General Director may commit the Society within the limits of an amount representing a maximum RON equivalent of EUR 100.000, but no more than 20% of the total fixed assets, except for receivables, for financial operations calculated individually or cumulatively during a financial year;
- j) to report to the Board of Administrators;
- k) is liable for exceeding his/her prerogatives.

II. Organizational and functional structure

Art.9 In order to achieve the object of activity the Company will provide the logistics and specialized personnel necessary for the operation in optimal conditions.
The company's organizational structure sets up the functional departments.

9.1 The management is provided by the functional departments managers who are responsible to the Director General and Operational Director.

9.2 The number of positions corresponding to each department shall be established by decision of the Director General.

9.3 The executive personnel and the management carry out all duties, responsibilities and entrusted powers, based on the hierarchical subordination principle

9.4 The duties, tasks and responsibilities specific to each position within Farmaceutica REMEDIA S.A. are determined by the job description and are approved by the General Director for the managers and by the managers for their department staff.

9.5 Job descriptions will be signed as acknowledgment by the employees before their hiring and by any subsequent modification.

9.6 Farmaceutica REMEDIA S.A. staff can be employed by individual labor contract on definite or indefinite duration according to the legislation.

9.7 The salaries of management and executive staff of Farmaceutica REMEDIA S.A. is performed according to the remuneration policy approved by the Board of Administration and other applicable regulations.

III. Duties and responsibilities of Farmaceutica REMEDIA S.A. personnel

10.1 The company personnel shall observe the working hours and use the full working time for fulfilling service obligations.

10.2 The company personnel must achieve in the best conditions and in due time the tasks set by the hierarchical superiors and deriving from the functions and posts held.

10.3 The company personnel must protect the Company assets.

10.4 The company personnel must maintain labor relations based on permanent cooperation, understanding and mutual support.

10.5 The company personnel must observe the order and discipline in the workplace.

10.6 The company personnel must not be absent without leave.

10.7 The company personnel have to come to work in full capacity for work - is prohibited presentation of the program of work under the influence of alcohol and the introduction or alcohol consumption in society save for any prior approval of driving holidays.

10.8 The company personnel have to come to work in a neat, decent, clean outfit.

10.9 At the company level pharmacists and pharmacy assistants are required to participate in continuing professional training courses accredited by the College of Pharmacists, respectively Order of Nurses.

10.10 The company personnel must respect confidentiality policy and commitments of the Company.

10.11 The pass ticket issued through the company HR department must constantly be carried by the company personnel.

10.12 The company's personnel must observe the rules of access in places where entry is allowed only under certain conditions.

10.13 The company's personnel should not smoke or introduce materials or products that may cause fire or explosion in spaces or workplaces where smoking or the introduction of such materials or products is prohibited.

10.14 The company personnel must know and observe legal regulations specific to each job description, and the fire safety rules.

10.15 The company personnel should not receive money or other material gains for the activities of the duties.

10.16 Company staff is obliged to keep confidentiality towards third parties - according to legal regulations in force - referring to the ID and medications released to each patient (receipts for HIV, TB, etc.)

IV. The functioning of Farmaceutica REMEDIA S.A.

11.1 The release of the pharmaceutical in REMEDIA pharmacies is retail performed only, being prohibited the self-service of Rx and OTC drugs.

11.2 The opening hours of **REMEDIA Pharmacies** is established by chief pharmacist based on the agreement with the College of Pharmacists and as stipulated by the Internal Rules.

11.3 The activity will be conducted in the presence pharmacist during the licence validity of the pharmacy.

V. DISPOZITII FINALE

12.1 The present regulation shall be distributed to all departments

12.2 Heads of departments are responsible for the regulation provisions acknowledgement to the subordinate staff.

Revision 2

Date of revizion 1.06.2016

General Director,

Robert Mihail PELOIU

