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## **INFORMATION ON THE APPLICATION OF THE CUMULATIVE VOTING METHOD for electing the members of the Board of Directors of S.C. BIOFARM S.A.**

Pursuant to Art. 235 of Law no. 297/2004 on the capital market and to Art. 124-129 of the Regulation no. 1/2006 of F.S.A. (*Romanian National Securities Commission*) we make the following specifications on the application of the cumulative voting method for the election of the Board of Directors, intended for shareholders with voting rights in the Ordinary General Meeting of Shareholders of S.C. BIOFARM S.A. of 06/07.11.2013.

Through the cumulative voting method, each shareholder has the right to assign his cumulative votes (the votes obtained after multiplying the votes obtained by any shareholder, according to the participation to the share capital, with the number of administrators, who are to form the Board of Directors) to one or more persons proposed for election in the Board of Directors.

The application of the cumulative voting method involves the election of the entire Board of Directors, composed of at least five members, within the same G.M.S.

At the request of a significant shareholder, the election based on this method will be made mandatorily.

The shareholder S.I.F. OLTENIA S.A. requested the application of the cumulative voting method for the election of the Board of Directors in the Ordinary General Meeting of Shareholders of S.C. BIOFARM S.A. dated 06/07.11.2013. The Shareholder S.I.F. OLTENIA S.A. has a significant ownership, of 28.72 % of the share capital.

By exercising the cumulative voting, shareholders may grant all the cumulative votes to only one candidate or to more candidates. In front of the name for each candidate, shareholders mention the number of granted votes.

The number of cumulative votes to which each shareholder is entitled is entered in a coupon received at the entrance in the room, following to be attached to the ballot, in its final form. At the G.M.S. decision, the number of cumulative votes may be entered directly on the ballot, in its final form, distributed to each shareholder.

The number of votes expressed by a shareholder on the ballot cannot be higher than the number of cumulative votes of the respective shareholder, under penalty of cancelling the ballot.

The persons who obtained most of the cumulative votes within the General Meeting of Shareholders are declared elected as members of the company's Board of Directors.

In the situation in which two or more persons proposed for election as members in the Board of Directors obtain the same number of cumulative votes, the person who was voted by a higher number of shareholders is declared elected as a member of the Board of Directors.

The criteria of selecting the members of the Board of Directors in the event in which two or several proposed persons obtain the same number of cumulative votes, expressed by the same number of shareholders, are established by the G.M.S. and stated in its report.

The report of the General Meeting of Shareholders, signed by the Chairman of the meeting and by the secretary, notes the completion of formalities regarding the application of the cumulative voting method, respectively the date and place of the meeting, the number of present shareholders, the number of share, the number of votes cast and their allocation, summary of the debates, and, at the shareholders' request, the statements they made during the meeting.

Documents related to the application of the cumulative voting method shall be attached to the report.

Applying the cumulative voting method can be performed following the illustrative model presented in the following.



Illustrative model of selecting the Board of Directors of a trading company admitted to trading on a regulated market by the method of cumulative voting.

1. A trading company has a subscribed and paid up share capital of 1,000 m.u., divided into 1,000 shares, with nominal value of 1 m.u.

The participation of shareholders to the share capital of this company is the following:

- Shareholder 1 ... 550 shares representing 55% of the share capital
- Shareholder 2 ... 150 shares representing 15% of the share capital
- Shareholder 3 ... 100 shares representing 10% of the share capital
- Shareholder 4 ... 100 shares representing 10% of the share capital
- Shareholder 5 ... 100 shares representing 10% of the share capital.

2. In compliance with the provisions of the Articles of Incorporation of the company, each paid share gives the right to one vote in the GMS.

3. The company will be administered by a Board of Directors formed of 5 members, who are to be elected through the method of cumulative voting upon the request of Shareholder 3. There are 7 persons who candidate for the position of BD member.

4. The volume of cumulative votes for each Shareholder is the following:

- Shareholder 1 ... 2.750 cumulative votes (550x5)
- Shareholder 2 ... 750 cumulative votes (150x5)
- Shareholder 3 ... 500 cumulative votes (100x5)
- Shareholder 4 ... 500 cumulative votes (100x5)
- Shareholder 5 ... 500 cumulative votes (100x5).

5. Within the GMS, cumulative votes regarding the selection of the Board of Directors were granted as follows:

	Pers. 1	Pers. 2	Pers. 3	Pers. 4	Pers. 5	Pers. 6	Pers. 7	TOTAL
<b>Shareholder 1</b>	751	751	751	497				2750
<b>Shareholder 2</b>					750			750
<b>Shareholder 3</b>					500			500
<b>Shareholder 4</b>						350	150	500
<b>Shareholder 5</b>					250	147	103	500
<b>TOTAL</b>	<b>751</b>	<b>751</b>	<b>751</b>	<b>497</b>	<b>1500</b>	<b>497</b>	<b>253</b>	<b>5000</b>

6. After this vote, the following were elected as members in the Board of Directors:

- Pers. 5 who obtained a number of 1,500 cumulative votes
- Pers. 1 who obtained a number of 751 cumulative votes
- Pers. 2 who obtained a number of 751 cumulative votes
- Pers. 3 who obtained a number of 751 cumulative votes
- Pers. 6 who obtained a number of 497 cumulative votes, but who was voted by 2 shareholders.

**GENERAL MANAGER**  
**Danut VASILE**