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Translation from Romanian

REMUNERATION POLICY OF BIOFARM S.A.

Biofarm S.A. is a Romanian commercial company, having the order number with the Trade Register J40/199/1991 and Tax Identification Number 341563, organised under the legal form of open joint-stock commercial company, having a unitary management system.

The company, in compliance with the provisions of the Corporative Governance Code, issues this Remuneration Policy, which emphasizes the manner in which the Board of Directors and the General Manager are remunerated for the activity carried out within the organisation.

The basic principles based on the remuneration of the members of the Board of Directors and the General Manager are provided in the Articles of Incorporation of the company and in the applicable legislation.

Remuneration level

The remuneration level of the members of the Board of Directors can be established according to the legislation in force by decision of the General Meeting of Shareholders or by the Articles of Incorporation.

In the case of Biofarm S.A., the level of remuneration of the members of the Board of Directors is established by the Articles of Incorporation.

The general limit of all additional remunerations of the members of the Board of Directors and of managers will be annually approved by the General Meeting of Shareholders upon establishing the income and expenditure budget.

The Board of Directors has among its attributions to appoint and remove from office the General Manager, as well as to establish its remuneration and any other advantages thereof. Also, it establishes the remuneration of the members of the Board of Directors in charge with specific functions within the general limits established by the General Meeting of Shareholders.

The level of remuneration is enough to attract, retain and motivate competent and experienced people within the Board and the management.

Form and structure of remuneration

a. Fixed remuneration and additional remuneration





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The General Manager carries out its activity based on a mandate contract concluded with the company and approved by the Board of Directors, whose duration is of 4 years. The mandate contract contains provisions regarding the notice period, as well as the compensation for removal from office.

The remuneration and the rest of the benefits of the General Manager are approved by the Board of Directors.

The members of the Board of Directors receive for the activity carried out a fixed allowance granted on a monthly basis, in cash.

According to the Articles of Incorporation, the remuneration of administrators will be of 15% from the monthly remuneration established by the mandate contract for the General Manager.

The General Manager also receives a variable remuneration, granted depending on meeting/exceeding the performance criteria and indicators established by the business plan, with the approval of the Board of Directors.

b. Other benefits

According to the provisions of the Articles of Incorporation, the company is entitled to ensure administrators, directors and managers by recording expenses of up to EUR 20,000 per year.

Remuneration criteria

The granted remunerations will be in compliance with the activities, competences and performances obtained.

Remuneration Committee

To the extent considered necessary, the Board of Directors may constitute a Remuneration Committee, formed of non-executive members of the Board of Directors.

The Remuneration Committee annually prepares a report on remuneration.

The Board of Directors will ensure that the limits established for remunerations are complied with.

B.D. Chairman

Danut Vasile

I, undersigned, Alina Cumpănășoiu, a sworn translator, authorized by the Ministry of Justice of Romania, do hereby certify that this is a true, full and correct translation of the text that was seen by me.

Sworn translator No. 26730/2009

