

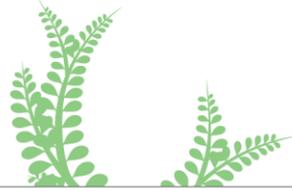
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Declaration of conformity

Provisions of the Corporate Governance Code	In compliance	Not in compliance or partially in compliance	Reason for non-compliance
A.1 All companies must have an internal regulation of the Board that includes the reference terms and responsibilities of the Board and the key management functions of the company, and which applies, among others, the general principles from Section A.	YES		
A.2 Provisions for the management of conflicts of interest must be included in the Board's regulation. The Board members, however, must notify the Board with regard to any conflicts of interest that have occurred or may occur and refrain from participating in discussions (including by absence, except for the case in which the absence could prevent quorum formation) and from the vote for adopting a decision regarding the matter that gives rise to the respective conflict of interest.	YES		
A.3 The Board of Directors must be composed of at least five members.	YES		
A.4 The majority of the members of the Board of Directors must not have an executive position. In the case of companies from Premium Category, minimum two non-executive members of the Board of Directors must be independent. Each independent member of the Board of Directors must submit a declaration at the time of his/her nomination for election or re-election, as well as when any change in the status occurs or, indicating the elements based on which it is considered that he/she is independent from the point of view of his/her character and judgment.		PARTIALLY IN COMPLIANCE	The majority of the members of the Board of Directors are non-executive directors. Currently, there are no independent directors. Directors were appointed by the General Meeting of Shareholders.
A.5 Other commitments and professional obligations relatively permanent of a member of the Board, including executive and non-executive positions in the Board of companies and non-profit institutions, must be disclosed to shareholders and potential investors before nomination and during his/her mandate.	YES		
A.6 Any member of the Board must submit to the Board information regarding any relation with a shareholder owning directly or indirectly shares representing over 5% from all voting rights. This obligation refers to any type of report that may affect the member's position with regard to matters decided by the Board.	YES		
A.7 The company must appoint a secretary of the Board responsible for supporting the activity of the Board.	YES		
A.8 The corporate governance declaration will inform whether an assessment of the Board took place under the management of the Chairman or of the nomination committee and, if so, it will summarise the key steps and the changes as a result thereof. The company must have a policy/guide on the assessment of the Board comprising the purpose, the criteria and the frequency of the assessment process.		NO	The company will elaborate a policy/guide on the assessment of the Board comprising the purpose, the criteria and the frequency of the assessment process.



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A.9 The corporate governance declaration must contain information regarding the number of meetings of the Board and committees in the last year, the participation of directors (in person and in absence) and a report of the Board and committees with regard to their activities.	YES		
A.10 The corporate governance declaration must comprise information regarding the exact number of independent members from the Board of Directors or from the Supervisory Board.	YES		
A.11 The Board of the companies from Premium Category must establish a nomination committee formed of non-executive members, which will lead the procedure for nominations of new members in the Board and will make recommendations to the Board. The majority of the members of the nomination committee must be independent.		NO	No Nomination Committee is currently constituted. To the extent of meeting the condition and the occurrence of the necessity existence, it will be established.
B.1 The Board must establish an audit committee in which at least one member must be an independent non-executive director. Most members, including the Chairman, must have proven that they have an appropriate qualification, relevant for the functions and responsibilities of the committee. At least one member of the audit committee must have proved and appropriate audit or accounting experience. In the case of companies from Premium Category, the audit committee must be composed of at least three members and most of the members of the audit committee must be independent.		NO	No Audit Committee is currently constituted. To the extent of meeting the condition and the occurrence of the necessity existence, it will be established.
B.2 The Chairman of the audit committee must be an independent non-executive member.		NO	See explanation from point B.1
B.3 Within its responsibilities, the audit committee must carry out an annual assessment of the internal control system.		NO	
B.4 The assessment must consider the effectiveness and coverage of the internal audit function, the adequacy of risk management and internal control reports presented by the audit committee of the Board, the promptness and effectiveness with which the executive management settles the deficiencies or weaknesses identified following the internal control and presentation of relevant reports to the attention of the Board.		NO	
B.5 The Audit Committee must evaluate the conflicts of interest in relation with the transactions of the company and its subsidiaries with related parties.		NO	
B.6 The Audit Committee must evaluate the efficiency of the internal control system and of the risk management system.		NO	See explanation from point B.1
B.7 The Audit Committee must monitor the application of legal standards and generally accepted internal audit standards. The Audit Committee must receive and evaluate the reports of the internal audit team		NO	
B.8 Whenever the Code mentions reports or analyses initiated by the Audit Committee, they must be followed by periodic reports (at least annually) or ad-hoc that must be subsequently submitted to the Board.		NO	
B.9 No shareholder can be given preferential treatment over other shareholders in relation with transactions and agreements concluded by the company with shareholders and their affiliates.		PARTIALLY IN COMPLIANCE	Biofarm S.A. does not have a policy on related party transactions. However, the recommendation of the BSE Corporate Governance Code is complied with.
B.10 The Board must adopt a policy by which to make sure that any transaction of the company with any of the companies with which it has close relations, whose value is equal or higher than 5% from the net assets of the company (according to the last financial report) is approved		NO	The policy is under completion.



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by the Board following a compulsory opinion of the audit committee of the Board and correctly disclosed to shareholders and potential investors, to the extent that these transactions are within the category of events that are subject to the reporting requirements.			
B.11 Internal audits must be carried out by a structurally separate division (internal audit department) within the company or by employing an independent third party entity.	YES		
B.12 In order to ensure the fulfilment of the main functions of the internal audit department, it must report from a functional point of view to the Board through the audit committee. For administrative purposes, and within the obligations of the management to monitor and reduce risks, it must directly report to the general manager.		PARTIALLY IN COMPLIANCE	The internal auditor reports directly to the Board of Directors and to the General Manager, as no Audit Committee is established.
C.1 The company must publish on its website the remuneration policy and to include in the annual report a statement on the implementation of the remuneration policy during the annual period which is the object of the analysis.		PARTIALLY IN COMPLIANCE	The company drafted a remuneration policy.
D.1 The company must organise an Investors Relations service – being indicated to the general public the person or the persons responsible or the organisational unit. Apart from the information imposed by the legal provisions, the company must include on its website a section dedicated to Investors Relations, in Romanian and in English languages, with all relevant information of interest for investors, including:	YES		
D.1.1 The main corporative regulations: Articles of Incorporation, procedures on the general meetings of shareholders;	YES		
D.1.2 Professional CVs of the members of the company management bodies, other professional commitments of the Board members, including executive and non-executive positions in boards of directors from companies or from non-profit institutions;	YES		
D.1.3 Current reports and periodic reports (quarterly, biannual and annual) – at least those provided in point D.8 – including current reports with detailed information regarding the non-compliance with the Code;	YES		
D.1.4 Information regarding the general meetings of shareholders: agenda and informative materials; procedure for election of Board members; arguments that support the proposals of candidates for election in the Board, together with their professional CVs; questions of shareholders on the items on the agenda and answers of the company, including the adopted decisions;	YES		
D.1.5 Information on corporate events, such as the payment of dividends and of other distributions to shareholders, or other events that lead to the acquisition or limitation of rights of a shareholder, including deadlines and principles applied to these operations. The respective information will be published within a deadline that allows investors to adopt investment decisions;	YES		
D.1.6 Name and contact details of a person who will be able to provide, upon request, relevant information;	YES		
D.1.7 The presentations of the company (e.g., presentations for investors, presentations on quarterly results etc.), financial statements (quarterly, biannual, annual), audit reports and annual reports.	YES		
D.2 The company will have a policy on annual distribution of dividends or other benefits to shareholders, proposed by the General Manager or by the Directorship and adopted by the Board, as a set of guidelines which the company intends to follow with regard to the net profit	YES		



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distribution. The annual distribution policy principles to shareholders will be published on the company website.			
D.3 The company will adopt a policy in relation with the forecasts, whether they are made public or not. Forecasts refer to quantified conclusions of studies that aim at establishing the global impact of a number of factors on a future period (so called hypotheses): by its nature, this projection has a high level of uncertainty, being possible for actual results to differ significantly from the initially presented forecasts. The policy regarding forecasts will establish the frequency, the period considered and the content of forecasts. If published, forecasts can be included only in annual, biannual and quarterly reports. The forecasts policy will be published on the company website.	YES		
D.4 The rules of the general meetings of shareholders must not limit the participation of shareholders in general meetings and the exercise of their rights. Rules modifications will enter into force at the earliest starting with the next meeting of shareholders.	YES		
D.5 External auditors will be present at the general meeting of shareholders when their reports are presented within these meetings.	YES		
D.6 The Board will present to the annual general meeting of shareholders a short appreciation on internal control and significant risk management systems, as well as opinions on the matter subject to the decision of the general meeting.	YES		
D.7 Any specialist, consultant, expert or financial analyst may participate at the shareholders' meeting based on a prior invitation from the Board. Accredited journalists can also participate in the general meeting of shareholders, except for the case in which the Chairman of the Board decides so.	YES		
D.8 Quarterly and biannual financial reports will include information both in Romanian and in English language regarding key factors that influence modifications in the sales level, of operational profit, of net profit and of other relevant financial indicators, both from a quarter to another, and from one year to another.		PARTIALLY IN COMPLIANCE	The information is presented in the biannual and annual financial reports.
D.9 A company will organise at least two meetings/teleconferences with analysts and investors each year. The information presented on these occasions will be published in the investors relations section of the company website on the date of the meetings/teleconferences.		NO	The possibility to organise such corporate events will be assessed in relation with the requests coming from investors.
D.10 If a company supports different forms of artistic and cultural expression, sports activities, educational or scientific activities and considers that their impact on the innovative nature and competitiveness of the company are part of its development mission and strategy, it will publish the policy on its activity in this field.		NU	Such a policy is not required at this time. To the extent that these activities will be considered to have an impact on the innovative nature and competitiveness of the company, part of its development mission and strategy, the policy will be elaborated.

B.D. CHAIRMAN
VASILE DANUT