

**CORPORATE GOVERNANCE CODE
OF ANTIBIOTICE S.A. IAȘI**

INTRODUCTION

Antibiotice S.A. is a trading company established and governed by *Law no. 31/1990 on trading companies* and a public company that implemented *GEO no.109/2011 on corporate governance of public enterprises*.

Since 16th April 1997, the company has been listed on the Bucharest Stock Exchange (BSE) Premium category, with shares trading in the capital market regulated by Law no. 297/2004 regarding the capital market. In this last role, the company adheres to the corporate governance rules proposed by BSE in order to create an internationally attractive capital market in Romania, based on best practices, transparency and trust.

I. Administration and responsibilities

1. The Company is managed according to the unitary system of administration of a Management Board consisting of 5 members. The establishment, revocation of directors, terms of office, duties and role of the board are clearly defined in the Constitutive Act of the Law no. 31/1990 and GEO 109/2011 regarding corporate governance of public enterprises.
2. (1) Based on rigorous and transparent procedures established under the Emergency Ordinance no. 109/2011 regarding the corporate governance of public companies, board members are appointed by the general meeting of shareholders on a proposal from the board of directors or stockholders. The candidates proposed by the Board are evaluated and selected in advance and recommended by the nominating committee of the Board and/or by an independent expert specializing in human resources recruitment. The candidates proposed by the guardianship authority on behalf of the majority shareholder will be selected in advance by a committee of specialists in human resources recruitment and/or by an independent expert specializing in human resources recruitment.

(2) The selection / evaluation criteria of administrators shall be determined by members of the nominating committee and/or an independent expert in accordance with GEO. 109/2011 on corporate governance in public companies.

(3) The company establishes a clear demarcation between the powers and duties of the general meeting of shareholders, Management board and executive management. In this regard, in accordance with art. 35 paragraph 3 of the GEO no. 109 / 2011, The Chairman of the Board may not be appointed CEO as well.
3. The Board is structured so as to fulfill its duties efficiently. The Board will comprise an independent audit committee and a remuneration and appointment committee, as well as other structures that the board or general meeting of shareholders consider necessary.
4. Composition of the Board and its committees will display an appropriate balance in terms of competence, experience, gender diversity, knowledge and independence of members who must allow them to effectively perform their duties and responsibilities. All board members should be able to allocate the company enough time to perform their duties properly.
5. The Board has its own rules of operation, Appendix to the Code of Corporate Governance. Board Regulation includes terms of reference, responsibilities of the board and key management functions of the company. Board's internal rules includes the management of conflicts of interest.
6. The majority of Board members must have no executive positions. At least two members of the Board will be independent within the meaning of Article 1382 of the Law no. 31/1990. (he is no manager of the company or of a company controlled by it and not having fulfilled this position in the last 5 years has not been an employee of the company or of a company controlled by it or have been employed by the company or by a company controlled by it in the last 5 years; they have not received from the company

or a company controlled by it additional remuneration or advantages other than those corresponding to his qualifications as non-executive director; he is not a significant shareholder of the society, does not have or has not had in the last year business relationships with the company or with a company controlled by it, either personally or as a partner, shareholder, director, officer or employee of a company that has such a relationship with the company, if by their substantial nature, they are liable to affect the objectivity, he is nor has not been in the past 3 years financial auditor or associated employee of the current financial auditor of the company or of a company controlled by it; he is not a director in another company in which a director is non-executive director; was not the company's non-executive administrator for more than 3 mandates; has no family relationship with a person in one of the categories mentioned above at a) and d).)

7. The company has rules for assessing the company's directors and administrators, an Annex to the Code of Corporate Governance. Rules of assessment will include the purpose, criteria and frequency of the evaluation process.
8. The annual declaration of the company on corporate governance will include the following information:
 - whether there was an evaluation of the board under the leadership of Chairman or the nomination committee and, if so, summarize findings;
 - the number of meetings of the board and of committees over the past year, the participation of administrators and a report of the board and committees on their activities;
 - the exact number of independent members in the Management Board.
9. The company has and will permanently maintain a policy related to provisions by setting a business plan for at least 4 years. The policy of forecast and the business plan can be public or confidential by decision of the board of the general manager.

II. Risk management system and internal control

1. Risk management by integrating information/data/aspects comprised in the company's company.
2. The Report of managing risk at the level of the company together with the Risk Register are sent for evaluation to the Chairman of the Audit Committee.

III. Fair reward and motivation

1. The Company aims to provide a salary enough to attract, retain and motivate competent and experienced persons in the Board. The Board will ensure transparency on remuneration, providing shareholders with relevant information on the principles

applied by the company on remuneration policy, which is based on fair reward and motivation.

2. The salary policy Remuneration policy, rules and principles that define it are those of the Company's Articles of Association, GEO no. 109/2011 regarding corporate governance of public enterprises, namely in relation to financial and non-financial objectives assumed by directors and executives by term contracts.
3. The remuneration of directors will be approved under the terms set by GEO no. 109/2011 on corporate governance and Articles of Incorporation, by the general meeting of shareholders and executive directors' remuneration will be approved, under the same laws, by the Management Board.
4. The company will publish on its internet page its remuneration policy and will include in the annual report a declaration on implementing the remuneration policy during the annual interval analysed.

IV. The company secretary

1. The Management Board appoints by direct open vote a Secretary of the company, in charge of supporting the board in terms of corporate governance. The company secretary must be considered reliable by all members of the Board.
2. The company's Secretary is part of the executive management of the company, as such he/she should act independently by virtue of his/her duties.
3. The Secretary's role is to assist the Management Board of Directors and directors, acting as an advisor in terms of regulatory issues, listing rules and legislation on corporate governance.
4. The Secretary may identify weaknesses in the areas specified and may propose to the Board of Directors solutions to overcome them.
5. The company secretary may be removed from office by the Management Board on a proposal from any of the members.

V. Relations with investors. Transparency

1. No shareholder can be granted preferential treatment.
2. The company will take all efforts to allow shareholders to attend general meetings, encouraging the use of electronic communication as far as its technical availability and applicable legal acts permit.

3. Regulations for general meetings of shareholders shall not limit the participation of shareholders and exercising their rights. Any change to the rules will enter into force at the earliest starting with the next shareholders' meeting.
4. Any specialist, consultant, expert or financial analyst may participate in the General Meeting of Shareholders based on a prior invitation. Accredited journalists can also participate in the general meeting of shareholders under the prior agreement of the Board.
5. The company has an Investor Relations Office and publishes on its website the names and contact details of the person in charge.
6. In addition to the information requested by the law, the company website includes a section dedicated to investor relations, in both Romanian and English containing the relevant information about the company, namely: articles of association, procedures for the general shareholders meetings, CVs of administrators and senior executive directors, other professional commitments of board members including executive and non-executive positions in non-profit companies, current reports and periodic reports (quarterly, half-yearly and annual) including current reports with detailed information on the noncompliance with this code, information on general meetings (agendas and information, the procedure for the election of board members, questions on the items on the agenda and responses from the company, including decisions taken), information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events that lead to the acquisition or limitation of rights of a shareholder, including the deadlines and principles for such operations.
7. Transactions with any of the affiliates will be previously approved by the board, based on issuing a binding opinion of the audit committee.

This hereby Code of Corporate Governance was approved by the Management Board of Antibiotice S.A., at the meeting on 26 January 2017.

**ANTIBIOTICE S.A.
CORPORATE GOVERNANCE CODE**

ANNEX no. 1

GUIDELINES FOR THE ORGANIZATION AND ACTIVITY OF THE MANAGEMENT BOARD

I. REGULATION PRINCIPLES

1. The management Board is organized and functions as per provisions in the Articles of Association, law 31/1990 on trading companies and in GEO 109/2011 on corporate governance.
2. The Board consists of 5 members elected by the General Shareholders Meeting for a term of four years which may be renewed according to the normative acts specified in paragraph 1 above.
 1. The Board appoints its members by open vote, a President and a Vice president who are given attributions. The Board appoints by decision, who can be an administrator or a person outside the board.
 2. The Council has powers to perform all acts necessary for the company, except those reserved by law for the General Meeting of Shareholders.
 3. Administrators will exercise their duties with utmost diligence by pursuing performance indicators approved by the General Meeting of Shareholders in accordance with procedures established by GEO no.109 / 2011 on corporate governance in public enterprises.
 4. Unless otherwise determined by the Board, managers must strictly observe the confidentiality of the proceedings, debates and decisions.
 5. Administrators are required to know and comply with the Code of Ethics of the company, managing potential conflicts of interest in accordance with procedures detailed therein.

II. MANAGEMENT BOARD MEETINGS

1. The Council shall meet in regular and special meetings which will be held at the company headquarters or a place specified in the notice.
2. Regular meetings shall be held at least once every three months and special ones whenever necessary.
3. Convening regular meetings is done by the President or Vice-President. By the secretary of the board, the convener will necessarily be communicated to each administrator by email / fax / post service and will include the proposed agenda, place, date and time of the meeting and shall be accompanied by documentation topics included in the agenda. Typically, covenants and documentation will be communicated to administrators with at least five days before the meeting. In duly justified cases, the notice and documentation can be communicated to managers in a shorter period. Regular meetings can take place without a notification if administrators are present and accept this situation specifically.

4. The Agenda for regular meetings will be established by the President or Vice-President of the Board and will indicate the materials subject to Board approval and those presented to brief.
5. In duly justified cases, regular meetings can be conducted by electronic means. Within five days of organizing such meetings, the administrators who attended will send by e-mail, fax or postal service their vote and views expressed. If an administrator does not meet the previously established communication procedure, he/she will be considered absent from the board quorum and votes cast.
6. The Board is legally gathered if at least three administrators attend the meeting.
7. Meetings are chaired by the Chairman of the Board or, in his absence, by the Vice President.
8. Council resolutions are made by the vote of the those who are present.
9. The Secretarial part of the meetings is ensured by the secretary of the board, which meets all the necessary operations including drawing minutes of the meeting, stating the name participants, order of deliberations, decisions, the number of votes received and separate opinions. The minutes shall be signed by the Chairman of the Board, sent in copy to each administrator and kept by the council secretary in the company's records.

III. COMMITTEES OF THE MANAGEMENT BOARD CONSILIULUI DE ADMINISTRATIE

1. The Board of Directors establishes working committees consisting of its members. The committees are charged with carrying out activities and making recommendations to the Board in areas such as audit, remuneration of directors and other activities deemed necessary by the Board.
2. It is compulsory to establish an Audit Committee and a Nomination and Remuneration Committee.
3. The Board remains collectively responsible for the decisions and actions of any of its committees, Committees proposals not directly applicable but only by a Board decision.
4. A committee acts independently and diligently fulfills the powers set, informing correctly and fully the Management Board of its results, making proposals to improve or fix issues rated as inadequate.
5. Activities that by law must be made by the Board cannot be delegated to a committee.
6. Committees shall promptly inform the Council about the actions they carry out.

IV. THE AUDIT COMMITTEE

1. The Management Board will establish an Audit Committee consisting of three non-executive administrators of which at least one must be an independent administrator. In the first

meeting, the Committee shall elect from among its members by open vote, and shall appoint a Chairman and a Secretary of the committee who may also be a person outside the Board.

2. At least two members, including the chairman, must prove to have suitable qualifications relevant to the position and responsibilities of the committee.

3. At least one member of the Audit Committee shall have accounting or auditing experience, proven and appropriate.

4. Chairman of the Audit Committee must be an independent non-executive director. Chairman of the Board may not be Chairman of the Audit Committee.

5. Within its responsibilities, the Audit Committee conducts an annual assessment of the internal control system. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management reporting and internal control submitted to the audit committee, timeliness and effectiveness of the management resolving deficiencies or weaknesses identified by the internal control and submission of relevant reports to the Board.

6. The Audit Committee manages potential conflicts of interest in connection with transactions of the company and its subsidiaries with third parties, within the tax code.

7. The Audit Committee shall monitor the application of legal standards and generally accepted internal audit standards.

8. The Audit Committee shall receive and assess internal team audit reports.

9. During their term, members of the Audit Committee shall not hold office or qualities incompatible with the mission of the Committee.

¹ Under the tax code in force on the date of approval of this Code of Ethics, a person is affiliated with another person if her relationship is defined by at least one of the following cases:

a); a natural person is affiliated with another natural person if they are husband / wife or relatives up to the third degree inclusive;

b) a natural person is affiliated with a legal person if the individual owns, directly or indirectly, including holdings of affiliated persons at least than 25% of the value / number of shares or voting rights of a legal person or if he/she controls the legal entity effectively;

c) a legal person is affiliated with another legal person if they hold at least, directly or indirectly, including holdings of affiliated persons at least 25% of the value / number of shares or voting rights of the other legal entity or if controls de facto the legal person;

d) a legal person corporate is affiliated with another legal person if a person owns, directly or indirectly, including holdings of the affiliated persons, at least 25% of the value / number of shares or voting rights of the other legal entity or if controls actually that person.

10. In exercising its main duties and responsibilities, the Audit Committee will carry out at least the following activities:

- a. will examine and verify the annual and interim consolidated financial statements of the company and any other financial reports before they are submitted to the Council for approval;
- b. shall consider and make recommendations to the Board on the appointment, reappointment or revocation of the external auditors;
- c. evaluate periodically the effectiveness, independence and objectivity of the external auditor and monitor the relationship with it;
- d. will make proposals to the Council on specific areas where additional checks may be required by the external auditor;
- e. shall consider and approve the powers of the Internal Audit and will monitor the work to ensure they act objectively and independently.

11. The Audit Committee shall meet regularly, at least once a quarter and whenever appropriate.

12. Committee meetings shall be convened by the chairperson, or the President or Vice President of the board. The Committee will meet even if two of its members request a meeting. By duty of the secretary of the committee the convening notice will necessarily be communicated to each member of the audit committee by e-mail / fax / postal service and will include the proposed agenda, place, date and time of the meeting and shall be accompanied by documentation topics included the agenda. Typically, convener and documentation will be submitted at least five days before the meeting. In duly justified cases, the notice and documentation can be communicated in a shorter period. Meetings can take place without a convener if the committee members are present and accept this situation specifically.

13. The Committee may invite to the meeting any administrator, director or employee of Antibiotice SA.

14. The internal Auditor of the Company shall attend all meetings without the right to vote, unless the President of the Committee considers that his participation is not necessary.

15. The quorum requirement is deemed to be fulfilled Committee meets validly when at least two members are present.

16. The Committee shall take decisions by majority vote of members present.

17. The Secretarial part of the meetings is ensured by the secretary of the board, who performs all the necessary operations including drawing minutes of the meeting stating the name of participants, order of deliberations, decisions, the number of votes received and separate opinions. The minutes shall be signed by the Chairman of the Board, sent in copy to each administrator and kept by the secretary in the company's records.

V. COMMITTEE FOR APPOINTMENT AND REMUNERATION

The Management Board will establish an Appointment and Remuneration Committee consisting of three non-executive administrators of which at least one must be an independent administrator. In the first meeting, the Committee shall elect from among its members by open vote, and shall appoint a Chairman and a Secretary of the committee who may also be a person outside the Board.

1. The Chairman of the Nomination Committee will be an independent non-executive administrator.

2. During their mandate, Nomination and Remuneration Committee members shall not hold office or qualities that could be considered incompatible with his mission.

3. The duties and responsibilities of the Nomination and Remuneration Committee are mainly the following:

- a. formulate proposals for the position of administrators, elaborate and present the selection procedure of candidates for the position of Chairman and other senior positions, recommend board candidates, formulate proposals for the remuneration of directors and other positions.
- b. will assess, at least once a year, the independence of board members,
- c. will check the number of mandates held by members of the Board in other companies
- d. will carry out other tasks related to the appointment or revocation of Board members if instructed to,
- e. the Board of Directors will propose candidates for appointment, reappointment or revocation thereof to / from membership on the Board. The Committee may reject candidates who do not meet the criteria for holding the office of member of the Board;
- f. will ensure that the candidates for membership of the Council have the training and experience necessary to perform their duties;
- g. prepare an annual report on the remuneration of administrators and other benefits granted to them and the company's directors, report to be presented by the board to the General Assembly of Shareholders.

4. The Nomination and Remuneration Committee shall meet regularly, at least twice a year, and as often as needed. Committee meetings shall be convened by request of the Chairman. Chairman of the Committee will specify the agenda of the meetings. The Committee will meet even if only two members request a meeting.

5. By the secretary of the board, the convener will necessarily be communicated to each member of this committee by email / fax / postal service and will include the proposed agenda, place, date and time of the meeting and shall be accompanied by documentation topics included in the agenda. Typically, covenants and documentation will be communicated to administrators with at least five days before the meeting. In duly justified cases, the notice and documentation can be communicated to managers in a shorter period. Regular meetings can take place without a convener if members are present and accept this situation specifically.

6. The Committee may invite to meetings any administrator, director, or other employees of Antibiotice S.A.

7. The quorum shall be deemed to be fulfilled and the Committee gathers validly when at least two members are present (including the Chairman of the Committee).

8. The Committee shall take decisions by mutual agreement. If no agreement is reached, decisions shall be taken by a simple majority of present members' votes.

9. The Secretarial part of the meetings is ensured by the secretary of the board, who performs all the necessary operations including drawing minutes of the meeting stating the name participants, order of deliberations, decisions, the number of votes received and separate opinions. The minutes shall be signed by the Chairman of the Board, sent in copy to each administrator and kept by the secretary in the company's records.

IV. CONFLICTS OF INTEREST

1. Conflicts of interest of administrators will be managed in accordance with the provisions of the Code of Ethics.

2. Administrators have the obligation to inform the board immediately regarding any conflict of interests they have or may be involved in.

The hereby regulation was adopted by Antibiotice Management Board in the meeting on 26 January 2017.