

## LETTER OF EXPECTATIONS

### **in the recruitment process for occupying a membership position in the Management Board of the trading company ANTIBIOTICE S.A.**

The Nomination and Remuneration Committee within the Management Board of the trading company ANTIBIOTICE S.A. headquartered in Iași, 1 Valea Lupului St., registered with the Trade Register under the number J 22/285/1991, fiscal code RO 1973096 prepared this letter setting out the shareholders' expectations on the company's and management bodies' performance for a 4-year period, namely September 2018 - September 2022.

The current document was prepared in accordance with the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, amended and approved through the Law no. 111/2016 and Methodological Norms for applying GEO no. 109/2011, with the subsequent amendments and completions, approved by GD no. 722 / 2016 and represent the desiderata for the evolution of the company over the next four years.

The Letter of Expectations will be brought to the attention of the candidates on the shortlist.

#### **General information on the trading company ANTIBIOTICE S.A.**

The main producer of generic medicines in Romania is established in 1952 by the Council of Ministers Decision no. 2980 / 29.12.1952 under the name of *Fabrica de Antibiotice Iași*, which in 1990 turned into the trading company Antibiotice SA., based on the GD no. 1200/1990. The company has been listed on the Bucharest Stock Exchange since April 1997, in the Premium category, having shares admitted to trading in the capital market regulated by Law no. 297/2004.

Starting with 2000, investments of more than 30 million EUR have been made on the Antibiotice's site so that the company currently has 8 GMP and USFDA certified manufacturing flows. Antibiotice SA also implemented the international ISO 9001/2008, ISO 14001/2004 and OHSAS 18001/2007 standards, the integrated management system being certified by Lloyd's Register QA Romania, accredited in the UK.

The company's core activity is the production of anti-infective solid oral dosage forms, Antibiotice SA being the only producer in Romania of sterile powders for injectable anti-infective treatments. Our company is the national leader in the production of medicines for hospitals, has the most significant market share for the topical medicines (ointments, creams, gels), developing also an important segment of cardiovascular, central nervous system and oncological medicines.

The main object of activity is "Manufacture of basic pharmaceutical products" of CAEN Code 2110

### **Antibiotice's objectives**

The shareholders consider that the company's administrators and management team must have the following main objectives:

- to increase the company's competitiveness by intensifying the research-development – innovation activities;
- to strengthen the product portfolio for determining the growth of sales (in the domestic and international market), for generating profit and for maximizing the use of production capacities;
- to strengthen the production of medicines belonging to various therapeutic classes (antiinfectives, cardiovascular system, central nervous system, dermatological preparations) to provide the pharmaceutical market with treatment options for patients;
- to increase the economic impact of the portfolio through the business internationalization in strategic markets;
- to conclude trade partnerships through investments and cooperations to provide the premises for the medium and long term development;
- to adapt the production to the current technical and technological trends by investing in new production capacities and by upgrading and refurbishing existing flows;
- to correlate the personnel having the specialties / competencies necessary for the pharmaceutical industry with the company's strategic development directions;
- to continuously update and keep under control the Quality Management System in accordance with the legal requirements specific to the pharmaceutical industry;
- to optimize the processes for reducing the operating costs;
- to continuously observe and improve the process conditions in order to minimize the impact on the environment and to protect the personnel;
- to proactively monitor the risks with impact on the development of activities and achievement of objectives;
- to sustain the social responsibility projects, to constantly contribute, through all their activities, to protecting the environment, improving people's lives and health, creating a climate of trust in the relations with the stakeholders.

### **Performance indicators**

Administrators shall have annual performance indicators established in the General Meeting of Shareholders.

### **Dividend policy**

The Company must apply a policy to ensure the distribution of retained earnings after deducting the tax on profit, in accordance with the legal provisions in force.

### **Investment policy**

The only financial source of investment for the company is the self-financing. The Company must allocate financial resources to achieve the annual investments approved by the Management Board and General Meeting of Shareholders.

### **Internal control / management system and risk management**

The Management Board, through its Audit Committee, must identify the main risk indicators related to the Company's activity and monitor them permanently in order to reduce exposure to the inherent risks (economic, financial, commercial, legal, patrimonial, operational, etc.). The Company has an internal control system whose design and application provides reasonable assurance that funds managed to meet general and specific objectives are used under legality, efficiency and cost-effectiveness conditions.

### **Environment protection**

The company should consider maintaining a medium / long-term program to ensure compliance with environmental regulations.

### **Social responsibility**

The company needs to maintain and develop a culture of social responsibility based on business ethics, respect for customer rights, social and economic equity, environment-friendly technologies, fairness in working relationships, transparency towards public authorities, integrity and investment in the community.

The Management Board must encourage the social dialogue with the employees' representatives and maintain a relationship based on mutual trust and openness to their demands.

### **Quality and safety of the provided services**

Shareholders are aware of the Company's strategic importance as well as by the safety and services quality provided by the Company to the healthcare system in Romania. Consequently, shareholders advise / ask the members of the Management Board to be assured that they receive real-time information on the degree of satisfaction of the beneficiaries of the company's services in order to correctly substantiate their decisions.

### **Ethics, integrity and corporate governance**

The shareholders expect as the company to attach particular importance to the compliance with the Code of Ethics which sets out the principles and standards of conduct and governs conflicts of interest and incompatibility situations within the Company and Management Board.

Given that adequate internal audit and internal control policies contribute significantly to the smooth running of the Company, the emphasis is placed on the importance of internal audit and control systems. The Internal Audit Department will report to the Audit Committee of the Management Board. In this respect, the Audit Committee will assist the Management Board to offer the assurance that adequate financial reporting, internal and external audit, internal control, compliance and risk management systems are maintained within the Company.

### **Communication and transparency**

Management Board closely cooperates with the shareholders and majority shareholder, the Romanian State, through the Ministry of Health, to ensure timely information and constant communication regarding the strategic directions of the Company: transmission within the time limits provided by the law and by the administrative acts issued by the Ministry of Health of the reports drawn up by the

Management Board and / or General Manager, achievement of the performance indicators specified in the mandate contracts for monitoring them and any other information deemed necessary by the shareholder .

### **Management Board**

The Management Board is organized and operates in accordance with the provisions of the Articles of Incorporation of Antibiotice SA, under the Law no. 31/1990 on commercial enterprises and GEO no. 109/2011 on corporate governance of public enterprises.

The Board consists of 5 members elected by the General Meeting of Shareholders for a four-year term which can be renewed according to the provisions of the normative acts indicated in paragraph 1 above.

The Management Board shall elect from among its members, by open vote, a President and a Vice-President and shall establish their proper attributions. The Board designates by decision a secretary of the Board, who may be a manager or a person outside the Board.

The Board has the power to elaborate all the documents necessary for the company, except for those reserved by law for the General Meeting of Shareholders.

The administrators shall exercise their powers with the utmost diligence, monitoring the fulfillment of the performance indicators approved by the General Meeting of Shareholders, according to the procedures established by GEO no.109 / 2011 on corporate governance of public enterprises.

Unless otherwise decided by the Board, administrators must strictly respect the confidentiality of the works, debates, and decisions taken.

Administrators are required to know and comply with the Company's Code of Ethics, managing the possible conflicts of interest in accordance with the procedures detailed in the Code.

The Management Board is responsible for preparing all the necessary and useful acts for achieving the company's object, except for those reserved by the law for the General Meeting of Shareholders.

The Management Board has the following core competencies, which can not be delegated to the directors:

- to establish the main directions of the company's activity and development;
- to establish the accounting and financial control system policies, as well as to approve the financial planning;
- to conclude financing and refinancing credits and guarantee them with company's assets within the limit of 20% of the value of the patrimony (20% of the total fixed assets, less receivables), to draft additional acts to the credit contracts, all these decisions being subject to ratification in the first GMS session;
- to appoint and revoke the directors and to establish their remuneration;
- to supervise the directors' activities;
- to prepare the annual report, to organize the general meeting of shareholders and implement the GMS decisions;
- to apply for opening the insolvency procedure, in accordance with the Law 85/2014 on insolvency prevention procedures and on insolvency procedures;

- other task imposed by legislation, the company' Article of Association and the Board's Rules of Procedure.

The Management Board approves, where appropriate, on a monthly, quarterly or annually basis the policies regarding the marketing strategy, depending on the peculiarities of the internal and external market.

The Management Board represents the company in relation to third parties and in court through its President or VicePresident.

The Management Board represents the company in relations with the directors.

The Management Board shall register with the Trade Register the names of the persons empowered to represent the company. They submit to the Trade Registry signature specimens.

The Management Board's members shall exercise their mandate with loyalty, in the interest of company, according to the legislation.

Administrators are responsible for fulfilling all their obligations, in accordance with the legislation.

#### **General expectations of the shareholders regarding the Management Board**

For the period 2018 – 2022 , the shareholders expect that the company's main object of activity be carried out in terms of operational and organizational efficiency that will lead to the fulfillment of the annual performance indicators established by the General Meeting of Shareholders.

#### **Nomination and Remuneration Committee**

within the Management Board of Antibiotice S.A.

Mr. Ionuț IAVOR – President , non-executive administrator

Ms. Elena CALIȚOIU – member, non-executive administrator