

**The remuneration policy for Management Board members pursuant to GEO 51/2013 with reference to amending and supplementing GEO 109/2011 on the corporate governance of public enterprises**

The General Meeting of Shareholders held on 26.04.2012 approved the implementation of Government Emergency Ordinance no. 109/2011. Consequently, service provision contract no. 12/19.03.2012 was concluded with TMI Training & Consulting in order to conduct the selection procedure for the Management Board members.

Within the same session, the General Meeting of Shareholders approved the amendment to article 17 of the company's Articles of Association, stipulating that the "company is managed by a Management Board which consists of five members, both natural or legal persons having experience in the administration/management of profitable public enterprises and/or profitable companies in the same field of activity".

Also, in the GMS the Board's remuneration policy was approved, pursuant to the Emergency Ordinance 109/2011 art. 37 paragraph (1) "The remuneration of Board members and, where applicable, members of the Supervisory Board is determined by the GMS. It consists of a monthly fixed salary and if necessary a variable allowance, consisting of a share of the company's net profit, a retirement scheme or other forms of remuneration based on performance." The monthly allowance granted to the members of Antibiotice Management Board was approved to equate 20% of the CEO's remuneration (as a fixed wage) and a variable allowance consisting of 12 monthly compensations based on annual performance measuring the objectives and performance criteria set out in the mandate contract.

By approving the Emergency Ordinance 51/2013 that amends and completes GEO 109/2011, article 37 paragraph (3) was modified as follows: "the fixed monthly pay of non-executive members cannot exceed the mean of the average gross monthly salary on the last 12 months in the company's field of activity, as communicated by the National Statistics Institute prior to appointment. "

The gross average monthly wages in the field of "basic medicinal products and pharmaceutical preparations manufacture" covering May 2012 - April 2013 is, according to official quarterly reports of the National Statistics Institute, 3,335 RON/month.

The variable component is regulated by Article 38, paragraph (3): "The variable component is determined according to well-grounded recommendations, formulated on the basis of a comparative study on the payment conditions for similar positions in companies whose majority shareholder is the state, operating in the same field in other European countries; or based on the appointment committee or, if applicable, by HR recruitment experts whose services were contracted for the procedure of selecting the Management Board members/supervisory board. "

TMI Training & Consulting LLC conducted this comparative study on 10 companies: Astrazeneca, Bayer AG, GlaxoSmithKline, F. Hoffmann-La Roche, Lundbeck, Merck, Novartis International AG, Sanofi-Aventis, Shire, STADA Arxneimittel AG, Shire. The comparisons analyzed both the compensations and the turnover. The study found that some of the companies surveyed provide only a fixed pay, while others provide remuneration structured on a variable and a fixed component. The variable allowance is paid as a board meeting-based allowance or according to meeting the performance criteria.

Further to the study presented, we submit for approval to the General Meeting of Shareholders that the remuneration of Board members will consist of a monthly fixed salary and a variable allowance, as follows:

- Maximum gross fixed salary /month: RON 3,335 (the mean average monthly gross wages of the last 12-months, in the branch)
- Variable allowance, i.e. an annual amount proportional to the degree of fulfilling annual objectives and performance criteria approved in the GMS on 25/04/2013, calculated from 6 fixed monthly allowance of a non-executive administrator, but not less than 7 fixed monthly allowance of a non-executive director.

Vice President of the Management Board,  
Ec Ioan NANI