

THE REMUNERATION POLICY

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PREAMBLE

ANTIBIOTICE S.A. with its registered office in the city of Iași, str. Valea Lupului nr. 1, with the unique registration code at the National Office of the Trade Register 1973096, Trade Registered business order number J22/285/1991, organized in the legal form of a joint-stock company with a unitary management system, in consideration of the applicable legal provisions, issues this Remuneration Policy which highlights the way in which the company's administrators and directors are remunerated. The company's Director, within the meaning of this Remuneration Policy, is solely the person to whom the management of the company has been delegated by mandate contract by the management board.

I. REFERENCE DOCUMENTS

The core principles underlying the remuneration of the administrators and the General Director are provided for in the applicable legislation, as well as in the internal documents of the respective company:

- Law no. 31 / 1990 on the trading companies;
- GEO no. 109/2011 on the corporate governance of public enterprises;
- Law no. 24/2017, regarding the issuers of financial instruments and market operations;
- GD no. 722/2016 on the approval of the Methodological Norms for the application of certain provisions of the Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises;
- The Decisions of the General Meetings of Shareholders;
- The performance indicators of the executive and non-executive administrators;
- The Code of Corporate Governance of Antibiotice S.A.

II. GENERAL ASPECTS

1. Principles of the Remuneration Policy

The remuneration policy includes the principles and mechanisms applied by the company in determining the remuneration of administrators and directors as well as the method of payment and its maximum limits.

The proposed objective is to establish a legal framework for remuneration in accordance with clear principles, designed to complement the interests of shareholders and the company with those of its directors and managers. Therefore, the Remuneration Policy takes into account both the specifics of the market in which it operates and the best practices in the field, aiming to:

- maintain the competitiveness in the labor market;
- create the right framework for attracting highly qualified staff;
- contribute to increasing the level of retention;
- provide necessary and flexible tools to remunerate managers and directors, including for exceptional situations and achievements.

Also, the Remuneration Policy aims to ensure a transparent framework regarding the payment of administrators and directors, their fair reward and motivation as well as the creation of a connection between administrators and directors and the company's long-term strategies.

At the same time, the application of the Remuneration Policy aims to establish a harmonization between remuneration and business strategy, its alignment with the corporate values, interests and long-term objectives of Antibiotice S.A., as well as its compatibility with the interests of all parties involved (shareholders, management and employees).

The Management Board of Antibiotice S.A. regularly adopts and reviews the general principles of the Remuneration Policy and is responsible for its application.

The company must comply with the remuneration principles established in the applicable legal regulations, adapting them to its size, internal organization, nature and complexity of its activities.

2. The approval and review method

The shareholders are the ones who have the competence to approve the Remuneration Policy, within the Ordinary General Meeting of Shareholders on the agenda of which this item was included. Every review of the Remuneration Policy needs the approval the shareholders.

The company pays the remuneration of the administrators exclusively in accordance with the provisions of this Remuneration Policy.

3. The validity period

If the approved Remuneration Policy does not require significant changes determined by the entry into force of relevant normative acts, it is submitted annually to the vote of the General Meeting of Shareholders.

4. Application

The persons to whom the provisions of this Remuneration Policy apply are the administrators and directors of the company.

In the event of any inconsistencies between the legal provisions in force and this Remuneration Policy, the compliance with the specific legal requirement will always prevail. If the legal requirement involves the modification of this Policy, it will be subject to the approval of the General Meeting of Shareholders in the next meeting.

III. THE NOMINATION AND REMUNERATION COMMITTEE

The Management Board will set up a Nomination and Remuneration Committee, establishing its duties and an Operating Regulation in accordance with the applicable legal provisions.

IV. CONFLICT OF INTEREST CONCERNING THE REMUNERATION OF THE ADMINISTRATORS

The members of the Management Board who have an executive position within the company will not participate in the decisions regarding their remuneration.

The members of the Management Board who also have the quality of shareholders of the company will refrain from voting at the General Meeting of Shareholders in which the Remuneration Policy will be submitted for approval, in accordance with the provisions of art. 126 paragraph 1 of Law 31/1990 on companies.

Any situation that may cause a conflict of interest in the remuneration process will be brought immediately to the attention of the Management Board by the administrator or director in question, or by any other person who is aware of the potential conflict of interest.

V. THE REMUNERATION COMPONENTS

1. *The Management Board*

The Management Board of Antibiotice S.A. consists of 5 (five) members, according to the requirements of the applicable legislation (Law no. 31/1990 on commercial companies, GEO no. 109/2011 on the corporate governance of public enterprises, the Articles of Incorporation).

The remuneration of directors and managers balances the fixed and the variable component, in order to ensure the achievement of both short-term and long-term indicators, aiming at consolidating and sustaining the business.

2. *The non-executive administrators*

a. *The fixed remuneration allocated to the non-executive administrators*

The fixed allowance is paid once a month and may not exceed twice the average for the last 12 months before the beginning of the term, the average gross

monthly earnings, for the activity carried out according to the main object of activity registered by the Company, at branch level, communicated by the National Institute of Statistics.

b. The variable remuneration allocated to non-executive administrators

The variable component is paid once a year and it is established by mandate contracts approved by the GMS; it cannot exceed the value of 12 fixed allowances and it is granted depending on the degree of fulfillment of the financial and non-financial performance indicators.

c. Performance evaluation indicators

The performance appraisal is carried out in an appropriate internal regulatory framework to ensure that the appraisal process is based upon performance and that the actual payment of the remuneration is correct. The evaluation of performance indicators takes into account both financial and non-financial indicators.

Regarding financial performance, the following are taken into account:

- turnover;
- profit;
- arrears;
- the total expenses incurred for obtaining a 1000 lei income;
- other criteria approved by the shareholders in the GMS meetings.

Regarding the non-financial performance, the following are taken into account:

- the governmental social policies implemented by our company;
- the risk management and monitoring policies;
- monitoring the transparency and communication processes;
- reviewing, evaluating and reporting on the performance of administrators and shareholders
- other criteria approved by the shareholders in the GMS meetings.

d. Partial payments

If the term of office of an administrator does not cover an entire financial year, the remuneration will be made taking into account the principle of proportionality with the period during which the person worked within the Management Board and the degree of fulfillment of the established objectives.

e. The recovery right

The company reserves the right to request the recovery (by refund or compensation) of the amounts paid as remuneration if they were paid in violation of the limits established by law and / or by the General Meeting of Shareholders.

3. Company Directors/Executive Administrators

The Director of the company stands for the person appointed in the sense given by art. 143 of Law 31/1990, regarding the commercial companies and to whom the Management Board delegated the company's management duties.

If the Management Board appoints a Director from among its members, he or she will become an executive administrator.

The director/executive administrator receives a remuneration which consists of a fixed monthly allowance and a variable component.

a. The fixed remuneration of the Director / Executive Administrator

The Executive Director / Administrator carries out his or her activity based upon a mandate contract concluded with the company and approved by the Management Board, whose duration is at most 4 (four) years, with the possibility of extension.

When establishing the fixed remuneration, at least the following criteria are taken into account to ensure a fair reward of work: the objectives and performance indicators agreed by the mandate contract, the complexity of the company's activities, the previous professional performance proven in similar positions, the comparison with similar positions on the labor market, other objective criteria agreed by administrators and directors in order to attract and

retain staff with good training and professional value.

The fixed allowance is paid once a month and may not exceed six times the average for the last 12 months before the beginning of the term, of the average gross monthly earnings, for the activity carried out according to the main object of activity registered by the Company, at branch level, communicated by the National Institute of Statistics.

b. The variable remuneration of the Director / Executive Administrator

The director/executive administrator also receives a variable remuneration, granted depending on the fulfillment of the performance indicators for a period usually established at 12 months and/or for the fulfillment of some cumulative indicators during the entire term of office.

The variable component is paid quarterly/annually/at the end of the mandate as the case may be, in accordance with the provisions of the mandate contract agreed by the director with the Management Board and it is conditioned by the degree of fulfillment of financial and non-financial performance indicators.

c. Performance evaluation indicators

The performance evaluation of the Director / Executive Administrator shall be carried out in an appropriate internal regulatory framework to ensure that the evaluation process is based upon performance and that the actual payment of remuneration is correct. The evaluation of the performance indicators takes into account both financial and non-financial indicators.

Regarding the financial performance, the following are taken into account:

- The company's turnover;
- The company's gross profit;
- The company's arrears;
- the total expenses incurred for obtaining a 1000 lei income;
- other criteria agreed upon by directors and administrators.

Regarding the non-financial performance, the following are taken into account:

- the governmental social policies implemented by our company;
- the risk management and monitoring policies;
- the methods to monitor communication processes;
- the methods to review, evaluate and report upon the performance of administrators;
- other criteria agreed upon by directors and administrators.

4. *Other benefits applicable to administrators and directors*

In cases where the persons covered by this Remuneration Policy hold shares issued by the company, the payments of their rights arising from the status of shareholder are not considered to be remuneration and are not subject to the rules on remuneration.

Approval of the Management Board objectives in correlation with the 2023 Income & Expenditures Budget

In order to achieve the strategic objectives, the priority actions were grouped on the following strategic directions:

Pillar 1: Strategic adaptation of human resources

Pillar 2: Strategic adaptation of the product portfolio

Pillar 3: Business sustainability through the continuous improvement of the Integrated Management System (quality, environment, occupational health and safety)

Pillar 4: Performance management

Pillar 5: Improving the Corporate Governance System

The objectives of the non-executive members of the Management Board in correlation with the 2023 Income & Expenditure Budget are subject to the approval of the General Meeting of Shareholders, as follows:

INDICATORS - NON-EXECUTIVE ADMINISTRATORS	Weighting degree	2023 Planned
TURNOVER (thousand lei)	5%	560,512
GROSS PROFIT (thousand lei)	5%	50,007
ARREARS (thousand lei)	5%	0
TOTAL EXPENSES PER 1,000 LEI TOTAL REVENUES (lei)	5%	914

Government social policies (gender equality, work and health)	20%	100%
Establishing risk management policies and risk monitoring	20%	100%
Monitoring the transparency and communication processes	20%	100%
Reviewing, evaluating and reporting the performance of the administrator and director	20%	100%

TOTAL - MANAGEMENT BOARD	100%	
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The objectives of the executive members of the Management Board in correlation with the 2023 Income & Expenditure Budget are subject to the approval of the General Meeting of Shareholders, as follows:

INDICATORS - EXECUTIVE ADMINISTRATORS GENERAL DIRECTOR	Weighting degree	AN 2022 Planned
TURNOVER (thousand lei)	10%	560,512
GROSS PROFIT (thousand lei)	15%	50,007
ARREARS (thousand lei)	15%	0
TOTAL EXPENSES PER 1,000 LEI TOTAL REVENUES (lei)	10%	914

Government social policies (gender equality, work and health)	10%	100%
Utilization degree of production capacity not less than 60%	10%	60%
Achieving a customer satisfaction degree of at least 80% in the domestic market	10%	80%
The average number of continuing education hours per employee	10%	40
Monitoring the transparency and communication processes	10%	100%
TOTAL - GENERAL DIRECTOR	100%	

Vice President of the Management Board,
General Director,
Ioan NANI, Economist

Financial Director
Paula COMAN, Economist

Approval of the degree in which the Management Board members met their objectives and performance criteria in 2022

Taking into account the 2022 Financial Statements, we submit for approval the degree in which the Management Board members met their objectives and performance criteria, as follows:

In 2022, the Management Board members met their objectives and the performance criteria in an achievement degree of **102.08%**, in accordance with the Management Plan.

INDICATORS- MANAGEMENT BOARD	Weighting degree	12/31/2022		Real Index	Achievement percentage
		Planed	ACHIEVED		
TURNOVER (thousand lei)	5%	432,314	483,724	1.12	5.59%
GROSS PROFIT (thousand lei)	5%	32,500	41,903	1.29	6.45%
ARREARS (thousand lei)	5%	0	0	1.00	5.00%
TOTAL EXPENSES PER 1,000 LEI TOTAL REVENUES (lei)	5%	928	920	1.01	5.04%

Government social policies	20%	100%	100%	1.00	20%
Establishing risk management policies and risk monitoring	20%	100%	100%	1.00	20%
Monitoring the transparency and communication processes	20%	100%	100%	1.00	20%
Reviewing, evaluating and reporting the performance of the administrator and director	20%	100%	100%	1.00	20%

TOTAL - MANAGEMENT BOARD	100%				102.08%
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Taking into account the 2022 Financial Statements, we submit for approval the degree in which the executive administrator (General Director) met his objectives and performance criteria, as follows:

INDICATORS- GENERAL DIRECTOR	Weighting degree	12/31/2022		Real Index	Achievement percentage
		PLANED	ACHIEVED		
TURNOVER (thousand lei)	10%	432,314	483,724	1.12	11,19%
GROSS PROFIT (thousand lei)	15%	32,500	41,903	1.29	19,34%
ARREARS (thousand lei)	15%	0	0	1.00	15,00%
TOTAL EXPENSES PER 1,000 LEI TOTAL REVENUES (lei)	10%	928	920	1.01	10,09%

Government social policies	10%	100%	100%	1.00	10.00%
Utilization degree of production capacity not less than 60%	10%	60%	70.1%	1.17	11.68%
Achieving a customer satisfaction degree of at least 80% in the domestic market	10%	80%	91.2%	1.14	11.40%
The average number of continuing education hours per employee	10%	35	42.21	1.21	12.06%
Monitoring the transparency and communication processes	10%	100%	100%	1	10.00%

TOTAL - GENERAL DIRECTOR	100%	100%			110.76%
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The executive administrator (General Director) met his objectives and performance criteria in 2022 in an achievement degree of **110.76%**, in accordance with the **Management Plan**.

The granting of the variable allowance for the Management Board members and for the executive administrator (General Director) for 2022 shall be subject to the approval of the General Meeting of Shareholders, as approved by the OGMS held on 27.04.2022 through the Decision no. 6.

Vice President of the Management Board,
General Director,
Ioan NANI, Economist

Financial Director,
Paula COMAN, Economist