

## 2022 Remuneration Report

### 1. Legal basis

The current remuneration report is prepared in accordance with the provisions of *GEO no. 109/2011 on corporate governance of public enterprises* and *Law no. 24/2017 on issuers of financial instruments and market operations*.

1.1 As regards the administrators' remuneration, *GEO no. 109/2011* establishes the following: *art. 37. (1) "The remuneration of the Management Board members or, as the case may be, of the Supervisory Board members is established by the General Meeting of Shareholders in the structure and limits provided in par. (2) and (4). (2) Remuneration of non-executive members of the Management Board or Supervisory Board consists of a fixed monthly allowance and a variable component. The fixed allowance cannot exceed twice the average for the last 12 months of the average gross monthly earnings for the activity carried out according to the main object of activity registered by the company, at the class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to appointment. The variable component is determined on the basis of some financial and non-financial performance indicators negotiated and approved by the General Meeting of Shareholders, different from those approved for the executive administrators, determined in compliance with the methodology provided in art. 31 par. (5) which aim also at the long-term sustainability of the company and ensuring compliance with the good governance principles. The amount of the variable component for the non-executives may not exceed a maximum of 12 fixed monthly allowances. (3) Remuneration of the executive members of the Management Board or Supervisory Board consists of a fixed monthly allowance that cannot exceed 6 times the average for the last 12 months of the average gross monthly earnings for the activity carried out according to the main object of activity registered by the company, at the class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to appointment, and from a variable component. The variable component will be based on financial and non - financial performance indicators negotiated and approved by the General Meeting of Shareholders, different from those approved for the non-executive administrators, determined in compliance with the methodology provided in art. 31 par. (5).*

*(4) The variable component of the remuneration of the Management Board members or Supervisory Board members is reviewed annually, depending on the level of achievement of the objectives contained in the management plan and the degree of fulfillment of the financial and non-financial performance indicators approved by the General Meeting of Shareholders, an annex to the mandate contract. (5) When establishing the fixed monthly allowance of each member of the Management Board or, as the case may be, of each member of the Supervisory Board, determined according to par. (2) and (4), the General Meeting of Shareholders will make sure that this is*

*justified in relation to the specific duties, responsibilities within the advisory committees, the number of meetings, objectives and the performance criteria set out in the mandate contract.”*

1.2 As regards the directors’ remuneration, GEO no. 109/2011 establishes the following: Art. 38. (1) *“Remuneration of the directors is established by the Management Board and may not exceed the level of remuneration set for the executive members of the Management Board. It is the only form of remuneration for the directors who also serve as administrators. (2) Remuneration consists of a fixed monthly allowance established within the limits provided in art. 37, par. (3) and a variable component consisting of a share in the net profit of the company, granting shares, stock options or an equivalent scheme, a pension scheme or other form of remuneration based on performance indicators. (3) the approved financial and non-financial performance indicators are elements taken into account to determine the variable component of remuneration for the company’s directors. “*

1.3 As regards the obligations to draw up a Remuneration Report and to ensure transparency regarding remunerations, GEO no. 109 / 2011 and Law no. 24/2017 establish the following: Art. 39. of GEO 109/2011 - (1) *„Remuneration and benefits offered to the administrators and directors according to the law or the mandate contract within the unitary system, respectively to the members of the Supervisory Board and to the members of the management, in the case of the dualist system, will be recorded in the annual financial statements and in the Annual Report of the Nomination & Remuneration Committee, Management Board or Supervisory Board and will include the remuneration and other benefits provided by the company and its subsidiaries. (2) The payment of the professional liability insurance can be ensured by the public enterprise, is not part of the remuneration and will be mentioned in the mandate contract. Other benefits will be mentioned in the mandate contract, such as covering expenses for representation, transportation, per diem, but without limiting to those stated. (3) Policy and criteria for remunerating the administrators and directors, in the case of the unitary system, respectively the members of the Supervisory Board and the members of the management, in the case of the dual system, as well as the level of remuneration and the other benefits offered to each administrator and director shall be made public on the website of the public undertaking through the care of the President of the Management Board or Board of Supervisors.”*

Art. 107 of Law no. 24/2017 - (1) The issuer shall prepare a clear and easy-to-understand remuneration report that provides a comprehensive overview of remunerations, including all benefits, regardless of form, granted individually or due during the last financial year to the managers, including new recruits, and former managers in accordance with the remuneration policy provided for in art. 106.

(2) The Remuneration Report contains, as appropriate, the following information on the remuneration of each manager: *“a) the total remuneration broken down into components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the remuneration policy adopted, including how it contributes to the long-term performance of the issuer, and information on how the performance criteria were applied; b) the annual change in the remuneration, issuer’s performance and average remuneration based on the full-time equivalent of the issuer’s employees who are not managers for at least the last 5 financial years, presented together in a manner that allows comparison; c) any remuneration received from any entity belonging to the same group; d) the number of shares or stock options granted or offered, as well as the main conditions for the*

*exercise of the related rights, including the exercise price and the date, together with any modifications thereof; e) information on the use of the possibility of recovering the variable remuneration; f) information on any deviation from the procedure for implementing the remuneration policy provided in art. 106, par. (8) - (12) and on any derogations applied in accordance with art. 106, par. (6), including explanations of the nature of the exceptional circumstances and an indication of the specific elements from which the derogation was made. (3) Issuers do not include in the remuneration report special categories of personal data of managers within the meaning of art. 9 par. (1) of Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of individuals with regard to the processing of personal data and the free movement of such data and repealing the Directive 95/46/EC (the General Data Protection Regulation) or personal data relating to the family situation of each manager. (4) Issuers process the personal data of managers included in the remuneration report under this Article in order to increase transparency regarding the remuneration of managers, for increasing the responsibility of managers and supervision of shareholders on the managers' remuneration. Without prejudice to the longer periods stipulated in sectoral legislation of the European Union directly applicable in the territory of Romania or national sectoral legislative acts transposing European directives, 10 years after the publication of the remuneration report, pursuant to para. (7), the issuers no longer leave available to the public the personal data of the leaders included in the remuneration report according to the current article. (5) The provisions of the par. (4) apply without prejudice to the possibility of processing, by the issuers, the personal data of the managers, for other purposes, according to the regulations in force. (6) The remuneration report for the most recent financial year is subject to the vote in the annual Ordinary General Meeting of Shareholders provided in art. 111 of Law no. 31/1990, the opinion of the shareholders in the General Meeting on the remuneration report, resulting from the vote, having an advisory character. The Issuer explains in the following remuneration report how the vote of the General Meeting was taken into account. (7) Without prejudice to art. 105 par. (22), after the Ordinary General Meeting of Shareholders, the issuers make the remuneration report available to the public on their websites, free of charge, for a period of 10 years, and may choose to keep it available for a longer period, provided that it no longer contains the personal data of the managers. The financial auditor/ the audit firm performing the statutory audit verifies that the information provided in this article has been provided. The managers of the issuer, who act within the limits of their area of competence conferred by the applicable rules, have the collective responsibility to ensure that the remuneration report is prepared and published in accordance with the requirements of this law. The managers of the issuer are liable for breach of the issuer's responsibilities under this paragraph.”*

## **2. Applicability of the legal provisions on the Remuneration Report in the company**

Antibiotice S.A. is a joint stock company, organized according to Law no. 31/1990 on the trading companies, the shareholding structure being the following:

- Ministry of Health, majority shareholder with 53.0173 % from the share capital;
- S.I.F. Oltenia, significant shareholder with 27.0379 % from the share capital;
- other natural and legal shareholders hold together 19.9448 % from the share capital.

The company is managed in a unitary system by a Management Board consisting of 5 administrators appointed by the General Meeting of Shareholders for 4-year terms. The administrators appointed at the proposal of the majority shareholder (public guardianship authority) are previously selected through the public procedure established by GEO no.109/2011 on the corporate governance of public enterprises.

On 01.01.2022, the composition of the Management Board was as follows:

- Ioan NANI - executive administrator
- Ionel DAMIAN - non-executive administrator
- Lucian TIMOFTICIUC - non-executive administrator
- Mihai TRIFU - non-executive administrator
- Cătălin POPESCU - non-executive administrator

During 2022 there were no changes in the composition of the Board of Directors, so that on 31.12.2022 the composition of the Board of Directors was as follows:

- Ioan NANI - executive administrator
- Ionel DAMIAN - non-executive administrator
- Lucian TIMOFTICIUC - non-executive administrator
- Mihai TRIFU - non-executive administrator
- Cătălin POPESCU - non-executive administrator

In 2022 the company granted a fixed and a variable allowance to 4 administrators (Economist Ionel DAMIAN, Phisician Lucian TIMOFTICIUC, Mihai TRIFU, Cătălin POPESCU).

The executive administrator was remunerated only in his capacity as a General Director without receiving any remuneration and for his capacity as an administrator (according to the art. 38, par. 1 of GEO no. 109/2011).

The Management Board delegates the General Director to lead the company, with a 4-year mandate, according to the art. 143 of Law no. 31/1990 on trading companies and art. 35 of GEO no. 109/2011 on corporate governance of public enterprises. Between 01.01 - 31.12.2021, the position of General Director was held by Mr. Ioan NANI, the company paying him the remuneration for this period.

Therefore, this Remuneration Report includes the remunerations of the company's administrators and General Director.

### **3. Remuneration policy**

*Law no. 24/2017 on issuers of financial instruments and market operations* took over and included in the national legislation the *Directive 826/2017 of the European Parliament and of the Council* amending the *Directive 2007/36 / EC*, normative acts that aim to encourage the long-term involvement of shareholders to ensure themselves that decisions are taken for the long-term stability of a trading company, taking into account environmental and social factors.

Antibiotice S.A. has a Remuneration Policy approved by the General Meeting of Shareholders through the Decision no. 8 of 21.04.2021. The objective of the Remuneration Policy is to establish a legal and transparent remuneration framework with clear principles, designed to harmonize the interests of shareholders with those of the company's

administrators and directors. Also, the Remuneration Policy was adopted, taking into account both the applicable legal provisions and the labor market specific to the company's object of activity, aiming to:

- maintain competitiveness in the labor market;
- create the necessary framework to attract highly qualified staff;
- contribute to increasing the level of staff retention;
- provide flexible remuneration mechanisms related to the company's performance.

The Remuneration Policy can be consulted on the company's website at: <https://www.antibiotice.ro/wp-content/uploads/2015/06/THE-REMUNERATION-POLICY-1.pdf>

#### **4. Remuneration of the Management Board members and General Director**

4.1 Remuneration of the non-executive administrators consists of a fixed monthly allowance and a variable component.

The fixed monthly allowance is equal to twice the average for the last 12 months of the average monthly gross earnings for the activity carried out according to the main object of activity registered by the company, at the class level according to the classification of activities in the national economy, prior to appointment.

The variable component is equal to 12 fixed allowances/year and is established on the basis of some financial and non-financial performance indicators negotiated annually and approved by the General Meeting of Shareholders, other than those approved for the executive administrators, aiming also the long-term sustainability of the company and ensuring compliance with the good governance principles. The variable component is paid once a year, at the end of each financial year and after the annual financial statements are approved by the General Meeting of Shareholders.

According to the mandate contracts, the administrators also benefit from:

- reimbursement of expenses incurred in good faith in the interests of the performance of the mandate, on the basis of supporting documents;
- professional liability insurance policy.

4.2 Remuneration of the General Director consists of a fixed monthly allowance and a variable component.

The fixed monthly allowance is equal to six times the average over the last 12 months of the average gross monthly earnings for the activity carried out according to the main object of activity registered by the company, at the class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to appointment.

The variable component consists of an amount equal to 2.21 fixed allowances/quarter based on financial and non-financial performance indicators, to which there is added an amount equal to 25 fixed allowances/year based on annual financial and non-financial performance indicators negotiated and approved by the General Meeting of Shareholders, other than those approved for the non-executive administrators, aiming also the company's

long-term sustainability and compliance with the good governance principles. The quarterly variable component is paid quarterly based on an assessment of the performance of the quarterly performance indicators as reflected in the financial statements. The annual variable component is paid once a year, at the end of each financial year, after the General Meeting of Shareholders approves the annual financial statements.

According to the mandate contract, the General Director also benefits from:

- professional liability insurance policy
- mixed life insurance, health insurance
- loyalty allowance - paid only once upon termination of the mandate contract
- allowance for good execution of the contract - paid only once upon termination of the mandate contract,
- daily allowance, reimbursement of expenses for fulfilling the mandate, against supporting documents

4.3 Amounts paid by the company as remunerations for the Management Board members and for the General Director are the following:

- 1.051.457 lei representing the fixed monthly allowance; the amount consists of monthly allowances paid in 2022 to the administrators Lucian Timofticiuc (for 12 months), Ionel Damian (for 12 months), Mihai Trifu (for 12 months), Cătălin Popescu (for 12 months) and to the General Director Ioan Nani (for 12 months).
- 1,787,544 lei representing the variable component; the amount consists of the variable components related to the financial and non-financial performance indicators approved by the General Meeting of Shareholders for 2021 and was paid to the persons who held this position in 2021: Mihai Trifu (for 12 months, with a 100.40% achievement degree of the performance indicators), Cătălin Popescu (for 12 months, with a 100.40% achievement degree of the performance indicators), Lucian TIMOFTICIUC (for 12 months, with a 100.40% achievement degree of the performance indicators), Ionel DAMIAN ( for 12 months, with a 100.40% achievement degree of the performance indicators) and to the General Director, Mr. Ioan Nani for fulfilling the financial indicators (for 12 months/ with a 101.69% achievement degree of the performance indicators).

The relative proportion of the fixed remuneration and the variable component is 170%, the shareholders aiming that the part of the remuneration payable according to the degree of achievement of the financial and non-financial performance indicators has an increased weight in relation to the fixed allowance which is not directly related to the achievement of the indicators.

The remuneration granted complies with and is in accordance with the applicable law as well as with the Remuneration Policy approved by the shareholders.

The amount of the fixed allowance and the variable component is according to the limits established by GEO no. 109/2011 on the corporate governance of public enterprises.

The variable component is directly correlated with the achievement of the financial and non-financial performance indicators of the administrators, established by the shareholders on the basis on the Management Plan and taking into account the short-term profitability

and sustainability objectives. The variable allowance is paid only after the financial statements have been audited by the external auditor and approved by the shareholders at the Annual General Meeting. The degree of achievement of the annual performance indicators is certified by the Financial Statements and is also approved separately by the shareholders. The payment of the variable component is approved separately by the shareholders, based on the Financial Statements and the report of the external auditor.

**5. Annual change in remuneration, company performance and average remuneration based on the full-time equivalent of the issuer's employees who are not managers for at least the last 5 financial years, presented together in a manner that allows comparison**

5.1 Remunerations of administrators and directors

Thou lei

Evolution of the remuneration for directors and administrators		2018	2019	2020	2021	2022
<b>directors</b>		1,022	2,843	1,909	1,659	1,620
	fixed component	335	335	403	433	433
	variable component	687	2,508	1,506	1,226	1,187
<b>non-executive administrators</b>		1,136	1,081	1,468	1,146	1,218
	fixed component	709	473	535	619	618
	variable component	427	608	933	527	600

5.2 Employees' remuneration

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Year	2018	2019	2020	2021	2022
Evolution of average earnings of the issuer's employees who are not managers	3,963	4,836	5,674	6,109	6,853

**6. Company performance**

INDICATORS	2018		Degree of achievement
	Planned	Achieved	
SALES INCOME	360,048	364,576	1.01
GROSS PROFIT	35,957	35,089	0.98
ARREARS	0	0	1.00
TOTAL EXPENSES TO 1,000 LEI INCOME	900	907	0.99

INDICATORS	2019		Degree of achievement
	Planned	Achieved	
SALES INCOME	403,286	389,711	0.97
GROSS PROFIT	34,876	35,180	1.01
ARREARS	0	0	1.00
TOTAL EXPENSES TO 1,000 LEI INCOME	914	914	1.00

INDICATORS	20120		Degree of achievement
	Planned	Achieved	
SALES INCOME	376,961	340,424	0.90
GROSS PROFIT	24,500	28,329	1.16
ARREARS	0	0	1.00
TOTAL EXPENSES TO 1,000 LEI INCOME	939	926	1.01

INDICATORS	2021		Degree of achievement
	Planned	Achieved	
SALES INCOME	366,500	368,422	1.01
GROSS PROFIT	30,260	30,303	1.00
ARREARS	0	0	1.00
TOTAL EXPENSES TO 1,000 LEI INCOME	923	922	1.00

INDICATORS	2022		Index
	Planned	Achieved	
SALES INCOME	432.074.000	482.666.811	1,12
GROSS PROFIT	32.500.000	41.903.230	1,29
ARREARS	0	0	1
TOTAL EXPENSES TO 1,000 LEI INCOME	928	920	1,01

## 7. Conclusion

The current Remuneration Report is prepared by the Nomination and Remuneration Committee and approved by the Management Board in the meeting held on 22.03.2023.

As per the art. 107, par. 6 of Law no. 24/2017 on issuers of financial instruments and market operations, the current Remuneration Report is subject to the approval of the Annual Ordinary General Meeting of Shareholders, convened on 27.04.2023 pursuant to art. 111 of Law no. 31/1990 .

Report date : 22.03.2023

President of the Nomination and Remuneration Committee  
Lucian TIMOFTICIUC, physicist