

APPROVED  
President Board of Administration

„TARUS” – Valentin Norbert TARUS e.U.

Valentin – Norbert TARUS

**RULES of the CORPORATE GOVERNANCE of the commercial society  
Farmaceutica REMEDIA S.A.**

**PREAMBLE**

The company's corporate governance framework is defined in this Regulation in accordance with the Corporate Governance Code of the Bucharest Stock Exchange (Code) in effect from January 4, 2016.

The corporate governance framework takes into account the characteristics, activity and specific needs of the company Farmaceutica REMEDIA SA (referred to as the "Society").

The rules of the corporate governance is the Society's commitment to comply with corporate governance principles set out in the Corporate Governance Code of the Bucharest Stock Exchange.

The rules of the corporate governance is updated as often as necessary, to reflect as faithfully the corporate governance in the Company.

The rules of the corporate governance is posted on the company website [www.remédia.ro](http://www.remédia.ro), indicating the date of the last update.

**CHAPTER I**

**HISTORY**

**History and evolution of the Society**

Denomination: Societatea Comercială **Farmaceutica REMEDIA S.A.**

Location: Hunedoara county, Deva, 43, Dorobanților Str.

Legal form: societate pe acțiuni

Tax code: RO2115198

Subscribed and paid capital: **9.548.082 lei**

Registration no with Trade Registry Office: J20/700/1991

Setup: 25 July 1991, based on the Romanian Government Decision no. 15/1991, by reorganization of Pharmaceutical Office Deva ("Oficiului Farmaceutic Deva")

Duration: unlimited

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The Society is a romanian legal person juridică, set up as a stock exchange company. The Society is set up based on the Law 31/1990 (the Law of the commercial societies), as well as based on the Financial Supervisory Authority (ASF) regulations. The Society is ruled by the company's Articles of Incorporation.

The starting of the activity is found on July 25th, 1991 when the Pharmaceutical Office Deva, exclusively held by the Romanian state, is reorganised. Since then, the Society share capital developed as the following steps:

<b>1992</b>	<b>Increase of the social capital from 118.743.000 ROL to 394.820.000 ROL;</b> no. of shares: 78.964 ; share value: 5.000 ROL out of which: - 70% i.e. 78.964 shares, nominal value share: 5000 ROL, at FPS - 30% i.e. 23.689 shares, nominal value share:: 5000 ROL, at ANP
<b>06.10.1994</b>	<b>Increase of the social capital from 394.820.000 ROL to 3.018.200.000 ROL;</b> no. of shares: 120.728; share value: 25.000 ROL out of which: - 70 % i.e. 2.112.750.000 ROL representing 84.510 shares; nominal value share: 25.000 ROL, at FPS - 30% i.e. 905.450.000 ROL representing 36.218 shares; nominal value share: 25.000 ROL, at ANP
<b>28.03.1996</b>	<b>Assignment of the social capital:</b> 0.05% 1.150.000 ROL representing 62 shares; nominal value share: 25.000 ROL assigned by FPS for the shareholder Popa Voichița
<b>07.04.1997</b>	<b>Modification of the nominal value share from 5.000 ROL to 1.000 ROL per share.</b>
<b>23.02.1999</b>	<b>Assignment of the social capital:</b> <b>social capital</b> 3.018.200.000 ROL; no. of shares: 3.018.200 ; share value: 1.000 ROL out of which: - 50,648% i.e. 1.528.671.000 ROL representing 1.528.671 shares; nominal value share: 1.000 ROL, at FPS - 0,351% 10.611.000 ROL representing 10.611 shares; nominal value share: 1.000 ROL, assigned by FPS for the shareholder Popa Voichița - 49,001% i.e. 1.478.918.000 ROL representing 1.478.918 shares; nominal value share: 1.000 ROL, at P.P.M
<b>04.11.1999</b>	<b>Increase of the social capital with the value of the state contribution in kind:</b> <b>social capital</b> 3.370.107.000 ROL; no. of shares: 3.370.107; share value: 1.000 ROL out of which: - 55,802% i.e. 1.880.578.000 ROL representing 1.880.578 shares; nominal value share: 1.000 ROL, at FPS - 0,315% i.e. 10.611.000 ROL representing 10.611 shares; nominal value share: 1.000 ROL, shareholder Popa Voichița - 43,883% i.e. 1.478.918.000 ROL representing 1.478.918 shares; nominal value share: 1.000 ROL, at P.P.M
<b>13.10.2000</b>	<b>Modification of the shareholder structure:</b> <b>social capital</b> 3.370.107.000 ROL; no. of shares: 3.370.107; share value: 1.000 ROL out of which: - 55,802% i.e. 1.880.578.000 ROL representing 1.880.578 shares; nominal value share: 1.000 ROL, from FPS to the commercial society V.TARUS RoAgencies S.R.L. - 0,315% i.e. 10.611.000 ROL representing 10.611 shares; nominal value share:1.000 ROL, shareholder Popa Voichița - 43,883% i.e. 1.478.918.000 ROL representing 1.478.918 shares;

	nominal value share:1.000 ROL, at P.P.M
<b>26.06.2001</b>	<b>Increase of the social capital:</b> <b>social capital</b> 4.870.107.000 ROL; no. of shares: 4.870.107; share value:1.000 ROL out of which: - 69,41% i.e. 3.380.578.000 ROL representing 3.380.578 shares; nominal value share:1.000 ROL, at the commercial societaty V.TARUS RoAgencies S.R.L. - 30,59% i.e. 1.489.529.000 ROL representing 1.489.529 shares; nominal value share: 1.000 ROL, at P.P.M
<b>23.07.2003</b>	<b>Share Capital Increase (merger by absorption with DITA IMPORT EXPORT TRADING COMPANYSRL) social capital</b> 4.912.509.000 ROL; no. of shares: 4.912.509; share value: 1.000 ROL out of which: - 69,2473% adică 3.401.779.000 ROL representing 3.401.779 shares; nominal value share: 1.000 ROL, at the commercial societaty V.TARUS RoAgencies S.R.L. - 30,3211% i.e. 1.489.529.000 ROL representing 1.489.529 shares; nominal value share: 1.000 ROL, at P.P.M - 0,4316% i.e. 21.201.000 ROL representing 21.201 shares; nominal value share: 1.000 ROL, at the commercial societaty DITA IMPORT EXPORT S.R.L.
<b>05.01.2006</b>	<b>Increase of the social capital (merger by absorption with the comercial societaty V.TARUS RoAgencies S.R.L.)</b> <b>social capital</b> 1.060.898 RON; no. of shares: 10.608.980; share value: 0,1 RON out of which: - 85,76% i.e. 909.825 RON representing 9.098.250 shares; nominal value share:0,1 RON, at the natural person TARUS VALENTIN NORBERT - 14.04% i.e. 148.952,90 RON representing 1.489.529 shares; nominal value share:0,1 RON, at the natural person OTHER SHAREHOLDERS - 0,20% i.e. 2.120,10 RON representing 21.201 shares; nominal value share:0,10 RON, at the commercial societaty DITA IMPORT EXPORT S.R.L.
<b>20.12.2007</b>	<b>Increase of the social capital</b> from 1.060.898 RON to 9.851.494,90 RON in cash contribution paid in lei by the existing shareholders upon the registration date as of 02.11.2007.
<b>12.03.2009</b>	<b>The social capital</b> resulted after the increase in cash contribution of the shareholders, in value of 9.851.494,90 lei, totally subscribed and paid, was increased with the amount of 757.485,10 lei from 9.851.494,90 lei to <b>10.608.980 lei</b> . The amount of 757.485,10 lei, as social capital increase representing cash contribution, was paid in lei by AHG SIMCOR INDUSTRY S.R.L.
<b>9.12.2014</b>	Following the legislative imposition of the separation of wholesale and retail pharmaceuticals, AGEA Farmaceutica REMEDIA S.A. has decided to change the main activity of the Company - the new CAEN code is 4773, keeping the retail activities in Farmaceutica REMEDIA S.A. and transferring during 2015 the wholesale distribution activities and related services to Farmaceutica REMEDIA Distribution & Logistics SRL, 100% owned company by Farmaceutica REMEDIA S.A.
<b>30.09.2018</b>	The social capital is divided in 106.089.800 shares with nominal value of 0,1 lei. The shares - symbol RMAH – are freely traded on BSE standard category. The shareholder structure (holdings exceeding 10% of capital) is updated half-yearly on the website <a href="http://www.bvb.ro">www.bvb.ro</a> by the holder register of shareholders - Central Depository S.A. The shareholders' structure as of 30.09.2018 is the following: 65,5054% - Valentin-Norbert TARUS, 24,2254% -Ionica-Mirela PAVEL, 10,2692% other shareholders.

<b>17.06.2021</b>	<p>The share capital is reduced to 9.548.082 lei, divided into 95,480,820 shares with a nominal value of 0.1 lei, as a result of the cancellation of a number of 10,608,980 registered shares, dematerialized, repurchased according to the Decision of the Extraordinary General Meeting of Shareholders of Pharmaceuticals REMEDIA SA no. 75 / 14.10.2020 and 76 / 24.02.2021 and the Financial Instruments Registration Certificate no. AC - 147 - 7 / 17.06.2021</p> <p>The shareholders' structure as of 30.06.2021 is the following: 84,3068% - Valentin-Norbert TARUS si 15,6932% - others</p>
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Participations in profile companies.

<p>SIBMEDICA S.R.L.</p> <p>In prezent, Farmaceutica REMEDIA Distribution &amp; Logistics S.R.L.</p> <p><b>Societate activa</b></p>	<p>Acquisition in 2008 of 100% of the social capital of the comercial society SIBMEDICA S.R.L. located in Sibiu, 53, Nicolae Balcescu str., county Sibiu. Profile – pharmaceutical sales. In 2012 the headquarter was moved to Hunedoara county, Deva, 43, Dorobanților str., the goodwill (pharmacies) was bought by Farmaceutica REMEDIA S.A. The activity was suspended on 19/12/2013 and restarted on 23.01.2015, when the denomination was changed into Farmaceutica REMEDIA Distribution &amp; Logistics S.R.L. and the wholesales and logistic activities were transferred from FARMACEUTICA REMEDIA S.A. This active company is 100% owned by FARMACEUTICA REMEDIA S.A.</p>
<p>Dissolved on 3.01.2015</p>	<p>Acquisition in 2008 of 80% of the social capital of the comercial society DOM PROSAN S.R.L., located in Jurilovca, 6, Dumbravei str., Tulcea county. Profile – pharmaceutical activities. In 2012 the goodwill (pharmacy) was bought by Farmaceutica REMEDIA S.A.</p>
<p>Dissolved on 14.06.2013</p>	<p>Acquisition in 2008 of 95% of the social capital of the comercial society HEALTH FARM S.R.L. located in municipiul Timisoara, Profile – pharmacy. In 2012 the headquarter was moved to Hunedoara county, Deva, 43, Dorobanților str., the goodwill (pharmacies) was bought by Farmaceutica REMEDIA S.A. The denomination was changed to HEALTH FARM HD S.R.L.</p>
<p>Dissolved on 14.06.2013</p>	<p>Acquisition in 2008 of 95% of the social capital of the comercial society FARMA CARDIA S.R.L. located in 20, Ighiu, Alba county. Profile – pharmacy. In 2012 the headquarter was moved to Hunedoara county, Deva, 43, Dorobanților str., the goodwill (pharmacies) was bought by Farmaceutica REMEDIA S.A.</p>
<p>Dissolved on 5.11.2014</p>	<p>Acquisition in 2008 of 95% of the social capital of the comercial society BLOC MAGNOLIA S.R.L. located in Cluj-Napoca, 3-5, Henri Barbusse str. Profile – pharmacy. In 2012 the headquarter was moved to Hunedoara county, Deva, 43, Dorobanților str., the goodwill (pharmacies) was bought by Farmaceutica REMEDIA S.A.</p>
<p>Dissolved on 18.06.2013</p>	<p>Acquisition in 2008 of 95% of the social capital of the comercial society COSMIFARM S.R.L. located in orașul Simeria, str. 1 Decembrie, bl. A1, jud. Hunedoara. Profile– pharmacy. In 2012 the headquarter was moved to Hunedoara county, Deva, 43, Dorobanților str., the goodwill (pharmacies) was bought by Farmaceutica REMEDIA S.A.</p>

## **Shares**

The shares of Farmaceutica REMEDIA S.A. are trade since 05.12.1996 on RASDAQ market (ex BER), symbol RMAH. Since 5 Februarie 2009 the Bucharest Stock Exchange Bucharest (BSE) started the trading of the shares issued by Farmaceutica REMEDIA S.A. on the regulated market administered by BSE, Equities Sector, STANDARD Category.

## **Mission**

Promoting and launching innovative pharmaceutical business concepts" is our main goal because we believe that healthcare services must be driven to the next level, adapted to the real, actual needs of customers and patients.

## **Values**

### **Professionalism**

We are proud to work for a healthcare company whose products and services make a difference in people's lives. Our greatest sense of accomplishment comes when we do the right thing. We take personal responsibility. We treat the company's reputation as our own aiming to make wise use of our time and the company's resources.

### **Integrity**

We care about people as individuals and promote an inclusive work environment that values, appreciates and leverages diversity. We respect, collaborate, challenge and care about each other. We apply professional and ethical standards at international levels.

### **Agility**

We anticipate and address customer challenges and act proactively. We identify innovative solutions in our partnerships, create sustainable competitive advantages and continuously adapt to the demands and expectations of our clients and beneficiaries.

### **Innovation**

We continuously innovate and improve our operating systems. We are responsible in seeking innovative solutions to the challenges of the pharmaceutical market and aim to be better every single time, to progress and learn from others and ourselves how to do things more efficiently and effectively.

### **Quality**

The company has implemented the quality management system in accordance with the requirements of SR EN ISO: 9001-2015 and 14001:2015.

### **Transparency**

Our shareholders and stakeholders are permanently informed through the reporting system according to the legal regulation regarding the market capital and international financial standards.

## **Certifications**

- Certificate for the management system according to SR EN ISO 9001:2015 issued under the no. 28048/05/R/13.03.2014 by RINA SIMTEX. The last authorization as of 11.03.2020;
- Authorisations issued by the Minister of Health for all REMEDIA Pharmacies;
- Operating permits for the activities run at the Farmaceutica REMEDIA S.A. locations;
- Farmaceutica REMEDIA Distribution & Logistics SRL is certified for the following:
  - Wholesale distribution authorization and manufacturing authorization (for import of medicines from the third countries) issued by NMAMD;
  - Authorization for storage and distribution of narcotic and psychotropic plants, substances and preparations issued by the Ministry of Health;
  - Authorization for food safety issued by DSVSA;
  - NMAMD Approval Notice;
- Farmaceutica REMEDIA S.A. and REMEDIA Pharmacies are registered trademarks under the no. 130846 and 130847 with the Trade Mark Office (OSIM) since 28.11.2013;
- Farmaceutica REMEDIA Distribution & Logistics S.R.L. is registered trademark under nr. 144199 at the Trade Mark Office (OSIM) starting with 8.03.2016;
- Farmaceutica REMEDIA Distribution & Logistics SRL is also certified according to ISO 14001: 2015 Certification of the Environmental Management System Certificate no. EMS-6702 / R.

## **CHAPTER II**

### **STRUCTURES of the CORPORATE GOVERNANCE The BOARD of ADMINISTRATORS , executive management**

The structure of the corporate governance of the company has the following objectives:

- to allow to the Board of Administrators (Board) to assure the strategic consultant and to oversee the management of the Society;
- to clarify the role and the responsibilities of the members of the Board and the executive management as to facilitate their responsibility towards the Society and the shareholders;
- to assure an authority balance so that one individual does not possess unlimited power;

There is a clear responsibility between the Board and the executive management in respect of Society administration and the current activity. The President of the Board and the General Director, in principle, are not the same person.

The President of the Board closely cooperates with the General Director, supporting and granting consultancy, but respecting in the same time the executive responsibilities of the General Director.

The Board promotes, through the adequate means, a dialog with the shareholders, based on the mutual understanding of the objectives and current activity.

The Board decides the values and the Society strategy, risk management policy and other essential policies. Moreover, the Board assures that the necessary leadership, human and financial resources are available to the Society to reach the targets. The Board takes into account the social responsibility of the company and the diversity, without any

discrimination, in general, over the value and strategy transformation process of the key policies for the Society functioning.

The Board assures the programs for the new members of the executive management to allow them to participate actively and at the maximum capacity for the decision making process as soon as possible after the position taking over. In this respect, the new executive directors should have the knowledge about the Society and the sector it is activating.

The Administrators and the Directors shouldn't take any benefits out of the opportunity offered by the company into their own interest, shouldn't permit the personal interests to be in conflict with those of the company or to use abusively/ mistakenly the assets of the company.

The stakeholders and the participant to the market expectancies are at the high ethical standards of honesty besides the Board members and the executive management. The management of the Society does the utmost efforts to improve the organization of the activity in order to be run in the most efficient mode.

## **MANAGEMENT AND REPRESENTATION OF THE COMPANY** **(a.i. 14.1 – 14.7)**

The Company is managed by a Board of Administrators composed of minimum 3 administrators, jointly liable to the Company, irrespective of their citizenship or nationality.

The Board will act in the interest of the Society and will protect the general interests of the stakeholders of financial instruments issued by the Society ensuring sustainable development of the Society.

The Board will act as a collective body, on the basis of an accurate and complete information and of the internal regulation of the Board, including the terms of reference/responsibilities for Board and key management functions of the company, applying the General Principles of the new Code of Corporate Governance of BSE valid since 4 January 2016.

The number of administrators shall always be uneven.

The Administrators shall be elected by the General Meeting of Shareholders for a time period of maximum 4 years. Their mandate may be renewed for a time period established by the Ordinary General Meeting of Shareholders.

The majority of members of the Board shall be composed of non-executive administrators.

The Administrators may be revoked at any time by a resolution of the Ordinary General Meeting of Shareholders.

One member of the Board of Administrators may be represented in the meetings of the Board of Administrators only by other member of the Board of Administrators, based on a special power of attorney.

Administrators have the obligation to submit their signature specimens with the Trade Register within 15 days after their appointment.

The administrators' powers, liability and remuneration shall be regulated by the decision of the General Meeting of Shareholders whereby they are appointed.

A vacancy means the inability of a Administrator to fulfill his/her prerogatives

In case of vacancy, the other administrators have to elect one or more temporary administrators, as applicable, until the General Meeting of Shareholders that elects the new administrators who will occupy such vacancies shall be convened as per Art. 1372 of Law no. 31/1990, as republished and amended.

In case of resignation of the Chairman, the other administrators shall elect a temporary Administrator and a new Chairman until the convening of the General Meeting of Shareholders.

Administrators have to conclude a professional liability insurance. During the fulfillment of their mandate, administrators may not conclude an employment agreement with the Society.

In situations where administrators were nominated from among the Society's employees, their individual employment agreements shall be suspended during the mandate term.

Administrators shall not hold positions of administrators with any company competing with the Company, or with any company having a scope of activity similar to that of the Society without the approval of the General Meeting of Shareholders.

Administrators shall not get involved in activities falling under the Society's scope of activity or in competing areas either on their own behalf or on behalf of other individuals or legal entities without having an approval from the General Meeting of Shareholders.

In case of breach by any of the administrators of the aforementioned restrictions, he/she shall be revoked from his/her position and shall be held liable for any damages that would result from such breach.

The Board constituted Audit Committee, Remuneration Committee and Nomination Committee.

The President of the Board is a non-executive independent member.

The Audit Committee should undertake an annual assessment of the system of internal control. The evaluation should consider the efficacy and the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.

The Audit Committee evaluates the efficiency of the internal control system and risk management system and monitors the application of statutory and generally accepted standards of internal auditing, based on the reports of the internal audit team.

The internal audits should be carried out by the internal audit department of the within the Society that reports functionally to the Board via the Audit Committee. For administrative purposes and in the scope related to the obligations of the Management to monitor and mitigate the risks, it should report directly to the General Director.

The company should publish the remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.

According to the provisions of the Board regulation of the Board for the management of conflict of interest, the members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.

Any member of the Board should submit to the Board information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.



The Board of Administrators may delegate the management of the *Societati* to more Directors, nominating one of them as General Director. The President of the Board of Administrators may be nominated as General Director.

The General Director represents the Society in relationship with the shareholders, third parties and employees representatives as provided by the legislation and the Articles of Incorporation.

The Directors may be nominated out of the administrators or out of the Board. The Directors are responsible with all measures related to the Society management, in the limits of its object of activity, respecting the exclusive competences reserved by the law or by the Articles of Incorporation, by the Board, respectively by the General Meeting of the Shareholders.

The Directors, as well as the members of the Board, are obliged to attend the General Meeting of the Shareholders.

### **CONVENING AND ORGANIZATION OF MEETINGS OF THE BOARD** **(a.i. 15.1 – 15.4)**

Each director shall have one vote in the Board of Administrators.

The Board of Administrators shall meet at least once in 3 months or whenever this is necessary, based on a convening by the Chairman or based on a justified request of at least 2 of its members or of the Managing Director.

The Board of Administrators shall be chaired by the Chairman.

The Board of Administrators is validly gathered in the presence of the majority of its members, and may decide based on an absolute majority of the attending members.

The meeting secretary or secretaries, elected by the Board of Administrators prior to the commencement of debates included in the agenda for each meeting, shall prepare the minutes of the relevant meeting, in which they shall record the date and venue of the meeting, the fact that the convening procedure was complied with, names of the attending members, the agenda, a summary of debates, separate opinions and adopted decisions, by mentioning the obtained voting majority.

Such minutes shall be signed both by the meeting Chairman and by at least one other director.

The Chairman of the Board of Administrators shall have a decisive vote in case of vote parity. The Chairman of the Board of Administrators who is at the same time Manager of the Company may not have a decisive right.

If the Chairman in office of the Board of Administrators is unable or prohibited to participate in the voting, the other members may elect a meeting chairman having the same rights as the Chairman in office.

In case of vote parity and if the Chairman does not have a decisive vote, the proposal subject to voting is deemed rejected.

Meetings of the Board of Administrators may be held also by teleconference or via internet, provided that all members participating in the meeting have a physical possibility to participate in the discussions, to hear all the matters included in the working agenda and to vote validly, and on an informed basis.

A written document shall have to be signed within maximum 15 days after the meeting is held, mentioning the deliberations, the adopted decisions, the number of votes and the separate opinions of administrators.

## **PREROGATIVES OF THE BOARD OF ADMINISTRATORS** **(a.i. 16.1)**

The prerogatives of the Board of Administrators are the following:

- a) to set the main directions of activity and development of the Company;
- b) to establish the accounting and financial control system and to approve financial planning;
- c) the Board of Administrators may delegate the management of the Company to one or more managers, by appointing one of them as Managing Director. The organization of the activity of managers shall be established by a decision of the Board of Administrators;
- d) to appoint and revoke managers and to set their remuneration;
- e) to set the additional remuneration of members of the Board of Administrators in charge of specific functions, within the general limits set by the General Meeting of Shareholders;
- f) to supervise the activity of managers (the Board of Administrators represents the Company in its relations with the managers);
- g) to prepare the annual report, to organize the General Meeting of Shareholders and to implement its resolutions;
- h) to file an application for the initiation of insolvency proceedings against the Company under Law no. 85/2006 on Insolvency Proceedings;
- i) to change the office address of the Company;
- j) to change the Company's scope of activity, except for the main activity area and scope of the Company;
- k) to incorporate and dissolve secondary offices: branches, agencies, representative offices or other such units without legal personality;
- l) to increase the share capital and to establish the procedure to be followed in compliance with these Articles of Association and the laws in force, within the limits established by the Extraordinary General Meeting of Shareholders;
- m) to conclude documents referring to the acquisition, disposition, exchange or creation of guarantees over assets belonging to the category of fixed assets of the Company the value of which does not exceed, individually or cumulatively, 20% of the total fixed assets, except for receivables, during the term of a financial year. In the event that such value exceeds, individually or cumulatively, 20% of the total fixed assets, except for receivables, during the term of a financial year, the documents listed under this paragraph shall be concluded by the administrators or managers of the Company only based on a prior approval by the Extraordinary General Meeting of Shareholders;
- n) to review and discuss the report of the Managing Director and of the other managers;
- o) to elect the Chairman of the Board of Administrators;
- p) to approve the marketing tactics and strategy, the Company's development policy and the sales policy;
- q) to organize the Company's own control;
- r) to approve the conclusion of legal documents by the Company with third parties for the attainment of the Company's scope of activity; to approve the contracting of bank loans up to an amount of EUR 1.000.000,--;
- s) to comply with and fulfill all transparency and reporting requirements established by the legal rules in force, including those issued by NSC, and by the operators of regulated markets in which the securities issued by the Company are traded.

## **PREROGATIVES OF THE CHAIRMAN OF THE BOARD OF ADMINISTRATORS** **(a.i. 16.2 – 16.3)**

The Chairman of the Board of Administrators has the following prerogatives:

- a) to convene the General Meeting of Shareholders based on proposals by the Board or on requests from shareholders individually or cumulatively holding at least 5% of the share capital;
- b) to run the meetings of the Board and the General Meetings of Shareholders;
- c) may represent the Company in its relations with third parties in the absence of the General Director.

The Chairman of the Board shall be appointed by the Board of Administrators, a body having also the right to revoke him/her from his/her position.

The Chairman of the Board of Administrators may be appointed also as General Director.

### **GENERAL DIRECTOR** **(a.i. 16.4)**

The General Director has the following prerogatives and obligations:

- a) to represent the Society in its relations with shareholders, third parties and employees' representatives under the law and these Articles of Association;
- b) to hire and fire the staff of the Society, based on approvals by the Board of Administrators in respect of managers;
- c) to endorse the job descriptions and salaries of all employees of the Society, based on approval by the Board of Administrators in respect of managers;
- d) to propose to the Board of Administrators to amend the organizational chart of the Company;
- e) to approve sanctions to the Society staff, based on approval by the Board of Administrators in respect of managers;
- f) to propose the bonus system for the Society staff to the Board of Administrators;
- g) to propose the persons to have a signature right with the bank, as well the limits of such right to the Board of Administrators;
- h) in the absence of a resolution of the General Meeting of Shareholders or of the Board of Administrators, the General Director may commit the Society within the limits of an amount representing a maximum RON equivalent of EUR 500.000, but no more than 20% of the total fixed assets, except for receivables, for financial operations calculated individually or cumulatively during a financial year;
- j) to report to the Board of Administrators;
- k) is liable for exceeding his/her prerogatives.

### **GENERAL MEETINGS of the SHAREHOLDERS** **(a.i. 11.1 – 12.11)**

The Ordinary General Meetings shall be convened at least once a year, within maximum 4 months after the end of the Company's financial year, while extraordinary ones shall be organized whenever this is necessary.

A General Meeting of Shareholders may be convened by the Chairman of the Board of Administrators or by the Board of Administrators, as well as upon request by shareholders holding individually or together at least 5% of the share capital.

The General Meeting of Shareholders is convened by the Chairman of the Board of Administrators within maximum 30 days as from receipt of a request, and shall be held within maximum 60 days after such date.

The effective convening procedure shall be conducted in compliance with the applicable legal provisions. The convening notice shall meet all the validity requirements set by law.

The General Meeting of Shareholders shall be held at least 30 days after the publication of the convening notice in the Official Gazette of Romania.

The General Meeting of Shareholders shall be chaired by the Chairman of the Board of Administrators or, in case of impossibility, by other person appointed by the Chairman of the Board of Administrators by a special power of attorney.

The General Meeting of Shareholders shall elect a secretariat comprising between 1 and 3 shareholders, who shall verify the shareholders' attendance list, by indicating the share capital represented by each of them.

The Chairman may appoint one or more technical secretaries from among the Society's employees to participate in the performance of the operations mentioned above, and who would prepare a minutes of the meeting, which shall record: the fact that the convening formalities were met, the date and venue of the general meeting, the attending or represented shareholders, the number of shares held by each shareholder, a summary of debates, adopted resolutions and, upon request by shareholders, their statements during the meeting.

The General Meeting of Shareholders may decide that the operations mentioned above be supervised or performed by a notary public, at the expense of the Company.

Each share gives the right to one vote in the General Meeting of Shareholders.

The shareholders may be represented in the General Meeting of Shareholders also by other persons, based on a special power of attorney.

The members of the Board of Administrators, managers or officers of the society may not represent the shareholders.

The external Audit will be present at the General Meetings of the Shareholders when their reports are presented during these meetings.

The Board will present to the General Meetings of the Shareholders a short evaluation upon the internal controlling systems of the significant risk management and the opinions on the topics subject to the decision of the General Assembly.

Any specialist, consultant, expert or financial analyst may attend the General Assembly based on the previous invitation from the Board. Also the accredited journalists may, also, to attend the General Assembly of the shareholders, except the case when the President of the Board decides in a different way.

The quarter and semester financial reports include information both in Romanian and in English language referring to the key factors that influence the level of the sales, the operational profit, net profit and other relevant financial indicators, both one quarter vs the other and one year vs the other one.

An Ordinary General Meeting of Shareholders is deemed validly held and may make decisions if shareholders representing at least 1/2 out of the total number of voting rights participate upon the first convening. Resolutions can be validly adopted based on a majority of the expressed rights.

If the legal quorum requirements are not met upon the first convening, a second Ordinary General Meeting may be convened, which shall be legally held if any part of the share capital represented in the meeting is met. Resolutions shall be validly adopted based on a majority of the expressed rights.

An Extraordinary General Meeting of Shareholders is deemed validly held and may make decisions if shareholders representing at least 1/2 out of the total number of voting rights participate upon the first convening. Resolutions can be validly adopted based on a majority of the expressed rights.

If the legal quorum requirements are not met upon the first convening, a second Extraordinary General Meeting, which shall be legally held if shareholders representing at least 40% of the share capital of the Company attend. Resolutions shall be validly adopted based on an absolute majority of the expressed votes.

Decisions on changing the Company's main scope of activity, on decreasing or increasing the share capital, on changing the Company's legal status, on the Company's

merger, spin off or winding up shall be made based on a majority of 2/3 (two thirds) of the voting rights held by attending or represented shareholders.

Resolutions made in compliance with the quorum requirements and the majority required by these Articles of Association are binding to missing shareholders who were legally convened, and also to shareholders who voted against or refrained from voting.

Within 15 days after the date of the General Meeting of Shareholders, adopted resolutions shall be filed with the Trade Register and with the National Securities Commission, and shall be published in the Official Gazette of Romania.

Resolutions of General Meetings adopted in breach of the legal provisions or of these Articles of Association may be appealed in court within 15 days as from their publication in the Official Gazette, by any of the shareholders who did not attend the General Meeting of Shareholders or who voted against them and requested this aspect to be recorded in the minutes of the meeting.

### **PREROGATIVES OF GENERAL MEETINGS OF SHAREHOLDERS** **(a.i. 13.1 – 13.2)**

The Ordinary General Meeting of Shareholders has the following main prerogatives:

- a) to discuss, approve or amend the annual financial statements based on reports presented by the Board of Administrators or the financial auditor, and to set the dividend;
- b) to establish the revenue and expenditure budget and, as applicable, the activity schedule for the next financial year;
- c) to elect and revoke the administrators;
- d) to appoint and set a minimum term of the financial audit agreement, and to revoke the financial auditor;
- e) to decide upon the management of the Board of administrators;
- f) to decide to pledge, lease or dissolve one or more of the Company's units;
- g) to decide to sue administrators or financial auditors for damages caused to the Company, by appointing a person in charge of filing such action with the court.

The Extraordinary General Meeting of Shareholders has the following prerogatives:

- a) to change the legal status of the Company;
- b) to decrease or restore the share capital by issues of new shares;
- c) to increase the share capital; -
- d) to merge with other companies or to spin off the Company;
- e) to early dissolve the Company;
- f) to issue bonds and to convert a category of bonds into a different one or into shares;
- g) to convert shares of one category into another;
- h) to convert nominative shares in bearer shares or bearer shares into nominative shares;
- i) any other amendments to the Articles of Association or any other resolution in respect of which an approval from the Extraordinary General Meeting of Shareholders is required;
- j) to delegate the share capital increase prerogative to the Board of Administrators for a time period of maximum one year. Such delegation may be renewed for time periods of maximum one year each, within the limit set by the Extraordinary General Meeting of Shareholders.

## THE SHAREHOLDERS RIGHTS

**Farmaceutica REMEDIA S.A.** respects the shareholders rights and assures an equal treatment for all holders of securities of the same type and class, making available to them all relevant information so that they may exercise all rights in an equitable manner.

The shareholders must exercise their rights conferred by the shares in good faith, respecting the rights and legitimate interests of other shareholders and priority of the Society interest, otherwise they shall be liable for the caused damages.

The Society keeps the records of the shares and shareholders in SC Central Depository authorized in accordance with ASF regulations.

The shareholders participate to the profits and losses of the Society in relation with the quota of participation to the social capital. The profit quota that is to be paid to each shareholder is constituted in the dividend.

The dividends are distributed/available to the shareholders proportionally to their participation to the paid capital, if the Articles of Incorporation does not provide in a different way. These are paid / available in due time established by the General Meeting of the Shareholders, or, by the case, established by the special laws, but not later than 6 months since the date of approval of the annual financial statement ended period. Otherwise, the Society will pay damages for the period of delay at the statutory rate, if the Articles of Incorporation or the decision of General Meeting of Shareholders that approved the financial statement for the financial year ended did not set a higher interest rate.

The dividends cannot be distributed but only out of the profits determined according to the law.

All shareholders of the shares issued by **Farmaceutica REMEDIA S.A.** will be treated fairly. All the issued shares confer equal rights to the shareholders; any modification of the rights it would be subject to approval by shareholders directly affected.

Any of the shareholder may be conferred a preferential treatment vs the other shareholders in connection with the transactions and agreements concluded by the Society with the shareholders and their cu and their affiliates.

**Farmaceutica REMEDIA S.A.** facilitates the participation of the shareholders to the Generale Meetings (GMS), as well as their full exercise of rights.

The shareholders that cannot attend, **Farmaceutica REMEDIA S.A.** makes available the possibility of voting in absence, based on proxy and postal voting.

In order to make the relevant information available to shareholders in the real time **Farmaceutica REMEDIA S.A.** created on [www.remedia.ro](http://www.remedia.ro) a special section called Investors, easily accessible and constantly updated.

The section is structured such to contain all information necessary to the shareholders: GMS, financial statements, financial calendar, periodic and current reports, dividends, etc. The permanent connection with the shareholders, answering their questions by phone, by letter or by e-mail are provided.

Also, **Farmaceutica REMEDIA S.A.** has a specialized department for Investor Relations/Shareholders, the responsible person is indicated on [www.remedia.ro/investors](http://www.remedia.ro/investors) in Romanian and English version, containing all relevant information for the stakeholders, including principal corporate regulations: the articles of incorporation, general shareholders' meeting procedures:

- The Articles of Incorporation, procedures for general meetings of shareholders;
- Professional CVs of the Board member's and managing bodies of the Society;
- Current reports and periodic reports (quarterly, semi-annual and annual reports with detailed information related to non-compliance with the present Code;
- Information related to General Meetings of Shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;
- Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;
- Corporate presentations (for investors e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports;

The shareholders rights and obligations to the GMS are updated according to the applicable legislation and are published on the website [www.remedia.ro](http://www.remedia.ro) in section *Investitors*.

The Society informs in due time all the shareholders about the resolutions of the GMS by the own website.

The Society has an annual cash distribution and dividend policy, proposed by the General Director and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual principles of the distribution to the shareholders are published on the website of the Society [www.remedia.ro/en/corporate-governance/](http://www.remedia.ro/en/corporate-governance/)

### **CHAPTER III TRANSPARENCY, FINANCIAL REPORTING, INTERNAL CONTROL AND RISC ADMINISTRATION**

**Farmaceutica REMEDIA S.A.** effects all the raports required by the applicable regulation to the societies traded on the stock market. By its current reports the Society informs shareholders and investors about the important events it is involved in.

The financial reports are provided in the financial calendar data communicated to the Bucharest Stock Exchange and posted on the Society's website. The shareholders and investors are informed on the evolution of the economic situation of the Society through the press releases.

The Society will organize annually minimum two meetings / TCs with analysts and stakeholders. The information presented by this occasion will be published in section Investor relation on the webpage of the Society at the date of the meetings/TCs.



## CHAPTER IV

### CONFLICT OF INTERES AND TRANZACTIONS WITH THE INVOLVED PARTIES ("OWN TRANSACTIONS ")

The Board will addopt the best practices to assure a substantial procedural corectness of the tranzaction with involved parties (own tranzactions).

In this respect, the Board will use at least the following chriteria:

- keeping the competency of approval the most important transactions;
  - requiryng a previous oppinion on the most important tranzactions from the internal control structurs;
  - entrusting negotiations relating to these transactions, to one or more independent administrators (or adminsitrators who have no ties with the concerned parties);
  - Appeal the independent experts (possibly selected by independent administrators).
- The Society cannot subscribe its own shares.

If the company's shares are subscribed for by a person acting in his own name but on behalf of the Company, it is considered that the subscriber has subscribed shares for himself, being obliged to pay for them.

The Society is permitted to acquire its own shares, either directly or through a person acting in his own name but on behalf of the company, subject to the following conditions:

- a) authorizing the acquisition of its own shares is granted by the extraordinary general meeting of shareholders, which will determine the terms of this acquisition, in particular the maximum number of shares to be acquired, the duration for which the authorization is granted and which may not exceed 18 months from the date of publication decision in the Official Gazette of Romania, Part IV, and their minimum and maximum values, in the case of an acquisition consideration;
- b) the nominal value of own shares acquired by the company, including those already in the portfolio may not exceed 10% of the subscribed share capital;
- c) the transaction may target only fully paid shares;
- d) the payment of the shares thus acquired shall be made only out of the distributable profits or reserves available from the Company, recorded in the last approved annual financial statement, except for the legal reserves

If the own shares are acquired for distribution to employees of the company, the shares thus acquired should be distributed within 12 months of the acquisition date.

The restrictions set forth above shall not apply:

- a) shares acquired as a result of a decision of the General Meeting to reduce the share capital;
- b) shares acquired as a result of a transfer as universal title;
- c) fully paid shares, acquired by the effect of a curt decision in a foreclosure procedure against a shareholder, debtor company;
- d) fully paid shares, acquired free of charge.

The Board will include in the report that accompanies the annual financial statements the following information about the acquisition or sale by the company of its own shares:

- a) the reasons of acquisition made during the financial year;
- b) the number and value of the shares acquired and sold of during the financial year and the percentage of subscribed capital which they represent;



c) the value of the value of the shares in case of their acquisition or sale;  
d) the number and nominal value of all shares acquired and held by the company and their percentage.

The Society cannot pay advances or loans, nor provide security in order to subscribe or acquire its own shares by a third party.

The provisions of the above mentioned do not apply to transactions made in the current operations of credit institutions and other financial institutions or transactions carried out in order to acquire shares by or for employees of the company, provided that such transactions do not determine the decrease in net assets under the cumulative value of the subscribed share capital and reserves which may not be distributed under the law or the articles of incorporation.

The shareholders who offer for sale their shares through public offer will proceed under the capital market legislation.

The status of the shares must be included in the annex to the annual financial statements and, in particular, to clarify whether they have been fully paid and, if applicable, number of shares for which the payment was requested, without any result.

Each member of the Board will avoid any direct or indirect conflict of interest with the company or any subsidiary controlled by it.

Each Administrator will inform the Board on the conflicts of interest as they arise and will abstain from debates and vote those matters.

The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.

## **CHAPTER V TREATMENT OF THE CORPORATE INFORMATION**

The Board members, executive managers and employees who have access to the corporate information will conclude confidentiality contact binding to the regime to comply with corporate information.

## **CHAPTER VI SOCIAL RESPONSABILITY**

**Farmaceutica REMEDIA S.A.** expresses its permanent respect for the environment care taking necessary measures for meeting the limits imposed by the general legislation. In this respect, there are observed/supported environment protection proceedings:

- Recycling of recyclable materials: cardboard, paper, plastics, metals, glass, electronic components, etc., based on the contracts concluded with specialised companies;
- Organizational and technological measures for reduction of energy consumption and water;

- Non-use during the maintenance commercial activities of the dangerous substances for the environment;
- Promoting and implementing the use of renewable materials (biological);
- Waste management in accordance with the legal requirements;
- Storage and maintenance materials management so as to avoid any danger of polluting the environment;
- Management and maintenance of fleet as required by law (maintenance and service through authorized units) to reduce gas emissions.

The Society also sustains different forms of artistic and cultural expression, sport activities, educational or scientific activities that impact the innovative character and competitiveness of the Society, are part of its mission and development strategy.

The policy referring to its activity in this field is published on [www.remedia.ro/corporate-governance](http://www.remedia.ro/corporate-governance).

Revision 6  
1.11.2021

**General Director,**

Valentin – Norbert TARUS